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# China Report

## ECONOMIC AFFAIRS

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2 July 1984

CHINA REPORT  
ECONOMIC AFFAIRS

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## NATIONAL POLICY AND ISSUES

### JINGJI YANJIU ON ACCUMULATION OF TOTAL OUTPUT

HK151550 Beijing JINGJI YANJIU in Chinese No. 4, 20 Apr 84 pp 43-46

[Article by Tian Chunsheng [3944 2797 3932] and Liu Huiyong [0491 1979 0516]: "Accumulation of Total Output"]

[Text] Correct handling of the proportionate relationship between accumulation and consumption and between the internal sectors of accumulation constitute the central link in performing a good job of an overall balance in the national economy. But to handle well the proportionate relationships related to accumulation requires the use of the concept of the accumulation of total output and a clear understanding of what accumulation of total output comprises and its status in the national economy.

#### I

Accumulation of total output is the monetary manifestation of society's newly increased material wealth after deducting production expenses and livelihood expenses from the social total output of the year. It can reflect, in an integrated manner, society's yearly increased net amount of material resources and can serve as data for correctly arranging the overall balance of the national economy.

Accumulation of total output is different from capital accumulation. Marx pointed out: Capital construction is "to use surplus value as capital; in other words, the transformation of surplus value into capital." (Footnote 1) (Marx: "Das Kapital," Vol 1, People's Publishing House, 1975 edition, p 635) According to this definition, increases of new material wealth from residents' savings and depreciation funds do not constitute capital accumulation, although they are still a part of accumulation.

Accumulation of total output is also different from net accumulation (that is, accumulation of national income). At present, net accumulation is an important target of our macroeconomy. It refers to the portion of the national income which is for use but not consumed during the year and is devoted to accumulation. It includes not only the portion used for accumulation of the surplus output value but also the wages (receipts) funds not consumed during the current year. Because they are the current year's social net output used for accumulation, they are called net accumulation. The

field of study of the accumulation of total output is extended to the social total output. It includes not only the entire net accumulation but also the depreciation funds not used during the year for compensating or replacing the obsolete fixed assets.

Accumulation of total output is also different from the concept of "gross accumulation" in popular use in western countries. The gross accumulation of western countries includes net accumulation and the entire depreciation fund. (Footnote 2) (United Nations: "Computation System of the National Economy," (SNA), China Finance and Economics Publishing House, 1982 edition, p 78) It includes the portion of the depreciation funds used in compensating and replacing obsolete fixed assets, and thus enlarges the scope of the social accumulation of material objects. Accumulation of total output mentioned in this article excludes the portion of the depreciation funds compensating or replacing discarded obsolete fixed assets.

Under the condition of expanded reproduction, surplus output value "M" is not used entirely on consumption. Rather, a portion of it is devoted to addition to investment, thereby forming capital accumulation. This was early acknowledged by economic theoretical circles as the basic theory of Marxism.

Under the condition of the continuous rise in the living standard of the people, the conversion of the unconsumed portion of the wages (receipts) funds of the current year into accumulation funds and its inclusion into net accumulation is at present our country's statistical principle covering the plan for the amount of accumulation. It is also the statistical principle covering computation of net accumulation in other countries of the world. This has been acknowledged by an increasing number of comrades.

In a society which continuously increases its investments and undertakes expanded reproduction, although in value the social output corresponding to the transfer value of fixed assets, namely, the depreciation funds, may seem to have been wholly used up in compensating consumption in production and does not consist of the least bit of newly created value, yet quantitatively the volume of material objects is frequently larger than the discarded portion of fixed assets during the year, and, after compensating for discarded or retired portion of the fixed assets during the year, there is always the possibility of a portion forming newly increased material wealth of society and becoming a constituent part of the accumulation of total output. But in our country, this has not been acknowledged by many comrades.

Depreciation funds do not constitute newly created value, but a portion of them is still transformed into newly increased material wealth of society. Outwardly, this appears to be a contradiction in itself. In reality, it is derived from the non-unanimity in point of the time between the compensation of the value of assets and compensation with material objects. After fixed assets are put in production, compensation of their value begins to be continuously in operation in the form of the setting aside of depreciation, but compensation by material objects must still wait until expiration of the period of their economic usage. This provides the value of fixed assets

with a dual character: One portion is still retained in the original objects while the other portion has floated out of the objects, forming new material wealth. Concerning this attribute of depreciation funds, Marx pointed out; "In whatever localities which use various forms of unchanged capital and thus use various forms of fixed capital, the portion of the output value for compensating the consumption of fixed capital constitutes /accumulated funds./" [slantlines indicate boldface as published] These funds may be employed by people using them as investments of new fixed capital (or circulating capital). Moreover, this portion of accumulation is basically not deducted from the surplus value." (Footnote 3) (Marx: "Theory of Surplus Value," "Collected Works of Marx and Engels," Vol 26 (II), p 548)

Seen from the actual condition of our country and abroad, use of a portion of the depreciation funds for accumulation is an indisputable fact. At present, each year in our country, after deducting compensation for the obsolete fixed assets, over 10 billion yuan of depreciation funds are used on accumulation of fixed assets in kind (despite the fact that the proportion used on compensation is lower than on accumulation). In the United States, each year, about \$80 billion of depreciation funds are used on accumulation of fixed assets in kind, averaging about 25 percent of the depreciation funds yearly laid aside. In the Soviet Union, in 1975, of the depreciation funds for industry about 10.45 billion roubles were used on the accumulation of fixed assets in kind, averaging 64.9 percent of the 16.1 billion roubles of depreciation funds set aside that year. (Footnote 4) ((Soviet Union) A.M. Qie-er-ni-ya-fu-si-ji [0434 1422 1441 0068 1133 2448 1015]: [Chernyavisich?] [sic]: "Problem of Improving Construction Investment Results," China Finance and Economics Publishing House, 1983 edition, p 40)

Since the 1950's, economists in our country and abroad, using mathematical calculations, have made the following quantitative observation: under the condition of expanded reproduction, of the depreciation funds annually set aside by society, the proportion between the portion used on the compensation of the discarded or retired fixed assets and that on increasing the new fixed assets (that is, on accumulation in kind) is governed by a definite law. (Footnote 5) (See Liu Guoguang: "Problems of Socialist Reproduction," San Lian Bookstore, 1980 edition, p 259; U.S.A., E. Thomas: "Theory on Economic Growth," Commercial Press, 1983 edition, p 163) For example, computing with Thomas' theoretical formula, in 1975, in the Soviet Union the proportion of the depreciation funds for industry used for accumulation in kind was 65.8 percent, different by only 0.9 percent from the above-mentioned figure.

Both theory and practice have shown that under the condition of sustained progress in expanded reproduction, each year there is bound to be a portion of depreciation funds, and the corresponding social output, not being used on compensating discarded fixed assets but manifested as newly increased material wealth of society. This may be taken as a realistic element of accumulation, available for use on social expanded reproduction. Needless to say, it should be taken as a constituent part of the accumulation of total output and included in the amount of accumulation of total output.

Thus, the accumulation of total output discussed in this article has a computation basis of two constituent portions, namely, net accumulation and depreciation accumulation. If a more minute division is made, then it actually comprises three constituent portions, namely, accumulation of value of surplus output, accumulation of wages, (receipts) funds, and accumulation of depreciation. This is a new concept of accumulation. It is different from accumulation of value of surplus output, or net accumulation or the gross accumulation of western countries. Its real essence is the monetary manifestation of the amount of the yearly net increase of the material wealth of society.

## II

Accumulation of total output, accumulation of value of surplus output and accumulation of the national income differ from each other in the scope of computation. They may be used on diversified forms of economic computation and serve various kinds of utilization demands. But they do not repel each other, or stand in opposition to each other. Rather, they supplement each other, each having its special uses. Separately putting them in computation and statistical study can reflect, in a more overall manner and at many levels and stages, the composition of the sources of the newly increased wealth of society.

Speaking from the standpoint of the work on an overall balance of the national economy of socialist countries, accumulation of total output in comparison with other concepts of accumulation not only cannot be replaced, but also possesses certain particularly important functions. This is because the accumulation of total output reflects society's newly increased material wealth from a definite period, whereas the key to the overall balance of the national economy is precisely the realization of balancing social materials and the harmonious development of the production of material resources. Speaking concretely, it is necessary to apply the concept of accumulation of total output to the overall balance of the socialist national economy because of the following considerations:

First, application of the concept of the accumulation of total output makes full-scale planning of the amount of materials available for accumulation by the state for a stated period. This is beneficial for rationally arranging the proportionate relationship between the two big divisions--the means of production and the means of livelihood. This ensures expanded reproduction in order to obtain the necessary means of production and means of livelihood in appropriate proportions, and avoids the stockpiling or insufficiency of the means of production or means of living due to the disproportionate production of these two big divisions. It causes accumulation to truly become the material foundation for expanded reproduction. This is the only way to advance the development of the national economy.

Second, application of the concept of the accumulation of total output is beneficial to making an all-round and rational arrangement of the proportionate relationship between accumulation and consumption as well as an

adequate determination of the scale of state construction. This is because accumulation of total output is the principal basis for centrally manifesting national strength and determining the state construction scale. Computing and determining the state construction scale on the basis of the accumulation of total output better conforms with the actual condition of the state's material power than using the accumulation volume of national income as the computation basis. If the determination of the state construction scale is rational and conforms with the actual conditions, control can easily be exercised in actual practice. For many years in the past our country has failed to achieve effective control over the scale of construction. One of the important reasons for this is the failure to plan and arrange for the state construction scale on the basis of the volume of accumulation of total output, particularly the lack of understanding that depreciation funds included in compensation funds have the attribute of accumulation, and the failure to include the portion of the depreciation funds that can be used for accumulation into the gross amount of the accumulation of total output. Thus, the accumulation portion of the depreciation funds and their corresponding construction materials are excluded from the planned amount of accumulation. This makes it difficult to provide rational arrangements and to exercise the necessary control and is an important factor for violation of the scale of the plan formed earlier in the year.

Third, computation of the amount of accumulation of total output is beneficial to rationally arranging for the internal proportionate relationships of accumulation. It can centralize material resources and financial power and ensure work on the major projects. A correct planning of the amount of accumulation is the logical premise for rational by arranging the direction of the use of the accumulation. Only in making the direction of the use of accumulation rational and bringing more construction funds and materials centrally into the major construction projects (including major technical transformation projects) of the various periods is it possible to promote the harmonious development of the national economy and to achieve good results for the national economy. Computing only the net accumulation amount, without inclusion of the accumulation portion of the depreciation funds, will necessarily produce a low estimate of the aggregate amount of material resources annually available for use in accumulation in our country and require the lower levels to arrange for themselves the funds and materials that should have been planned and arranged for by the state. On the one hand, this will make it difficult for the state's major construction projects to procure the necessary funds, and, on the other hand, encourages the localities and the enterprises to undertake duplicate or redundant construction and blind construction. The present state of the disintegration of funds and materials in our country and of ordinary construction edging out major construction may be said to be related, to a certain degree, to the failure to plan and arrange for the direction of investment based on the amount of the accumulation of total output.

Fourth, computing the amount of accumulation of total output necessarily involves computing the amount of the portion for accumulation and the amount for compensation in the depreciation funds. This is entirely necessary for

correctly determining the plan for renovation and transformation of the industries and trades, for developing output, and for the rational use of the funds for renovation and transformation. At present, in our country the amount of renovation work in arrears of fixed assets is rather enormous. An important reason for this is that in the past we failed to control the relation between the compensation in kind of the fixed assets and expansion of the volume of material objects according to a definite ratio, and that each year too little was spent on compensating the obsolete fixed assets, but too much was devoted to the depreciation funds for accumulation. By means of computing the amount of the depreciation accumulation, we can grasp a rational ratio between the accumulation in kind of the fixed assets and their compensation. In turn we can handle well the proportionate relationship between compensation in kind and accumulation in kind in the renovation and transformation investments, compile well the utilization plan of funds for renovation and transformation, improve the utilization effects of the funds for renovation and transformation, and further promote technological advancement.

### III

In our country, for a prolonged period we have failed to set up and utilize a target for accumulation of total output in balancing the national economy. In our opinion, this is closely related to the following views and misunderstandings:

First, there is no sufficient understanding that depreciation funds of fixed assets can be used as funds for accumulation in kind of fixed assets. In the early stage of the establishment of the PRC, fixed assets were not large in amount and the depreciation funds set aside each year were not much. After compensating the obsolete fixed assets, what remained of depreciation funds available for the formation of accumulation in kind was relatively small. Because the disparity between the amount of accumulation of total output and that of the accumulation of the national income was not too great, it did not draw people's attention to the fact that a portion of the depreciation funds could be used as funds for accumulation. At present, with the annual increases in the volume of fixed assets, the amount of depreciation funds annually set aside has increased at a rather high speed. In 1980 the depreciation funds (not including the funds set aside for the maintenance of simple reproduction on the basis of the output volume) set aside by the state-run enterprises in the whole country were about 16.65 billion yuan, amounting to 23.5 percent of those in 1953 and 41.6 percent of those in 1952. The allocation and utilization of large amounts of depreciation funds have become important factors with a bearing on the development of the national economy.

Second, in theory an overall understanding of the concept of accumulation is lacking. Some comrades frequently took accumulation as merely restricted to accumulation of the value of surplus output, believing that outside of this there was no other concept of accumulation. Due to this narrow interpretation, not only was it impossible to set up a concept of accumulation

of total output, but also a clear understanding was lacking concerning even the concept of accumulation of national income, which had been in evidence for many years in the computation of the national economy. In many books and articles, accumulation was treated as a part of the value "M" of surplus output, without including the portion of wages (receipt) funds "V" of the production workers in material departments that had not been consumed in the current year but had been actually used for accumulation. This kind of interpretation cannot truly reflect the actual condition of the use of the national income and does not conform with the present plan and statistics covering the amount of accumulation.

In reality, the many stages and diversified character of the concept of accumulation are objectively determined by the scope of coverage of accumulation. If we limit the scope of coverage to merely the value of surplus output annually created by society, then we obtain the concept of accumulation of the value of surplus output; if we extend the scope to the national income ( $V$  plus  $M$ ), then we obtain the concept of accumulation of the national income; and if we further extend the scope to the social total output ( $C$  plus  $V$  plus  $M$ ), then we obtain the concept of accumulation of total output.

The above three concepts of accumulation, though at variance with each other in the scope of coverage, nevertheless possess unanimity in their standard of assessment; that is, they all take as the standard the actual results of the use of the annual output within their own respective sphere and not the value composition of the annual output or the results after the first distribution of value. Whatever remains of the annual output not used on consumption for livelihood (including social consumption) and on compensation in kind of the means of production should be embodied in the amount of accumulation.

Third, another ideological impediment affecting the establishment of the concept of accumulation of total output is that certain comrades believe that utilization of the sedimented depreciation funds for the purpose of purchasing new fixed assets is only an act of "borrowing," for "temporary use as accumulation," which ultimately must be "returned." Using this as a basis to refute the character of depreciation funds as being subordinate to accumulation naturally refutes the concept of accumulation of total output itself.

In reality, the theory of being an act of "borrowing" is self-contradictory. If the criterion for judging the status of accumulation is whether or not the funds have increased in value, then depreciation funds basically do not possess the character of accumulation. This is because in the final analysis depreciation cannot add a single cent to the original investment funds. If it is acknowledged as not being in the nature of accumulation, then the terms "borrowing" and "treated as accumulation" are hardly applicable. If we take the results of the use of the annual output as the standard for judging or discerning accumulation, then "borrowing" is out of the question. This is because use of the annual output is governed by the time basis of a year. Whatever usage assigned to the different constituent parts of the

output of any one year is the usage already fixed, and any talk of "borrowing" or "refunding" is out of the question.

Here we may as well answer a question raised by adherents of the "borrowing" theory; that is, is it possible that of the amount of depreciation funds each year there is always a surplus portion available for use as accumulation in kind for fixed assets? As seen by followers of the "borrowing" theory, this year a portion of the depreciation funds may be used as accumulation, but next year this not only may not be true, but may even call for a refund of the portion used for accumulation. If this should hold true, then there would be doubt about the depreciation funds being subordinate in character to accumulation. However, in the foregoing we already pointed out that economists both in the country and abroad had, by means of various mathematical calculation methods, proven that under conditions of expanded fixed assets investments, out of the depreciation funds annually set aside a portion is bound to be sedimented and become available for use on accumulation. Moreover, it was found that we could economically measure the ration of the amount of depreciation funds available for use in accumulation.

Fourth, some comrades believe that advocating the concepts of accumulation of depreciation and accumulation of total output will provide theoretical ground for using funds for renovation and transformation of capital construction, thus affecting the progress of renovation and transformation in the country at present. In our opinion, this view is a misinterpretation of both the concepts of renovation and transformation and accumulation of depreciation. First, renovation and transformation do not constitute simple reproduction. Their real essence is to improve the quantity and quality of the fixed assets; further lower consumption in production, particularly consumption of energy and raw materials; improve the quality of the products; and to increase the variety and output of products, thereby performing the two economic functions of compensation and accumulation. It would be completely erroneous to take renovation and transformation as simply compensating the obsolete fixed assets and to refute the use of the accumulation portion of depreciation funds for renovation and transformation. We advocate that depreciation funds possess the dual character of compensation and accumulation. Under the present condition of renovation being behind and in arrears, depreciation funds should precisely be used on renovation and transformation so that they may display their accumulation function simultaneously with actuating compensation. Second, advocating the concept of accumulation of depreciation is precisely for the purpose of abiding by the objective economic laws to make use of depreciation funds for compensation and accumulation according to a rational proportion. This will make it possible to control and supervise, within specified quantitative limits, the phenomenon of the continued use of overaged fixed assets. Thus the present advocacy of accumulation of depreciation is not only not opposed to renovation and transformation, but is also for the purpose of promoting and serving technical transformation.

Application of the concept of accumulation of total output in computations of the national economy is a new endeavor. If this concept can be established,

it will lead to reforms touching on many sides, including the national economic plan, distribution of resources, allocation of funds, national economic statistics, and so on. There is also the possibility promoting a speedier development of the national economy. Therefore, we hope that the theoretical role of this concept and actual practice can become topics of more extensive and intensive discussions and research.

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## PROVINCIAL AFFAIRS

### YUNNAN GOVERNOR'S REPORT ON GOVERNMENT WORK

HK030320 Kunming YUNNAN RIBAO in Chinese 5 May 84 pp 1-3

[Government Work Report by Governor Pu Chaozhu [2528 2600 2691] of Yunnan delivered on 25 April 1984, at the Second Session of the Sixth Yunnan Provincial People's Congress: "Strive To Fulfill the Sixth 5-Year Plan 1 Year Ahead of Schedule"]

[Text] Delegates:

The "Sixth 5-Year Plan for the Development of the National Economy and Society of Yunnan Province" that was approved by the First Session of the Sixth Yunnan Provincial People's Congress has already been implemented for 3 years by the end of 1983. I am now reporting to the congress on the situation of the implementation of this plan in the past 3 years and the tasks for 1984. I hope that this report will be discussed by the congress.

#### I. The Situation of the Implementation of the Sixth 5-Year Plan in the Previous 3 Years

Under the leadership of the CPC Central Committee, the State Council and the provincial CPC committee, the people of various nationalities in the province have in the past 3 years implemented the line, principles and policies of the CPC defined since the 3d Plenary Session of the 11th CPC Central Committee. They have united, spared no effort and overcome difficulties in their bid to realize the general goal and general tasks defined by the 12th CPC National Congress, and consequently they have further developed the excellent situation in the province. The situation in the implementation of the Sixth 5-Year Plan is good, while the achievements in developing the national economy and society are encouraging. Gross industrial and agricultural output value in 1983 totaled 15.87 billion yuan. This figure represents 94 percent of the quota for the Sixth 5-Year Plan, with an annual average growth of 9.7 percent. Gross agricultural output value was 6.95 billion yuan, representing 95 percent of the quota set by the plan, with an average annual growth of 8.4 percent. Gross industrial output value was 8.92 billion yuan, 93.5 percent of the plan, with an annual average growth of 10.8 percent. National revenue was 10.6 billion yuan, 97.6 percent of the quota for the Sixth 5-Year Plan, based on comparable prices, this figure represents an average annual growth of 10.2 percent. Financial revenue was 1.665 billion yuan, representing an annual average growth of 18 percent. This means that the quota for financial revenue for the Sixth 5-Year Plan has been fulfilled 2 years ahead of schedule. With full confidence, I am reporting

to you that we are sure that the main targets for the Sixth 5-Year Plan will be fulfilled 1 year ahead of schedule.

This situation shows that the economy in our province is developing rapidly, social economic results are good, average growth of national revenue is higher than the growth of industrial and agricultural output value, the growth of financial revenue is higher than the growth of the industrial and agricultural output value and the growth of the national revenues, and output value, taxes and profits, and financial revenue have increased for 3 successive years.

The principle of readjusting, restructuring, consolidating, and improving has been implemented over the past 3 years. And these 3 years have been characterized by healthy and stable development of the national economy, constant improvement in people's life, and persistence in the spirit of self-reliance and hard work. Considerable achievements have been made by various fronts, strengthening the building of socialist democracy and legal system, and constant improvement in social mood and security.

#### First, A New Situation in Which Commodity Development Is Developing in a Big Way Has Emerged in Rural Areas

The popularization of the system of contracted responsibilities on the household basis with payment linked to output throughout the province has liberated the productive forces to promote commodity production in a big way. Some 99.9 percent of production teams (cooperatives) have introduced the system of contracted responsibilities on the household basis with payment linked to output, and the range of the contracted responsibilities has been extended to forestry, animal husbandry, industry, and various sideline occupations. In 1982, a total of 50,000 people were organized into teams to carry out forestry "three fixes" work and resolve the ownership over mountain forests. In 1983, a total of 80,000 people were organized into work teams to define private hills, responsibility hills, grass slopes, and rationally cultivated land with a total of 210 million mu. These have been contracted to peasant households and consequently forestry responsibilities mainly contracted to households have been introduced. These measures are of major strategic significance in harnessing land, exploiting mountain areas, getting rid of poverty and becoming rich, and developing the economy. Raising of all draft animals in the province has been contracted to households on the basis of market price and by the end of 1983, draft animals totaled more than 7.7 million head. This figure was 13.5 percent higher than the figure for 1980, making the province rank second in the country in this aspect. This situation proves that the result of contracting draft animals is very good. The system of contracted responsibilities with payment linked to output has also been introduced to state forests, stock farms, and fish-breeding grounds, while active measures have also been taken to experiment in management by worker households on state farms. Following the introduction of the contracted responsibility system, a number of agricultural farms have been able to get rid of the losses that they earlier suffered for many years. The popularization of the system of contracted responsibilities on household basis with payment linked to output represents a basic reform in the management system in agriculture. It is also a great creation by the peasants in China under the leadership of the CPC.

Our province has been hit by various natural disasters on a number of occasions in the past 3 years. Last year, it was hit by serious drought scarcely seen in the past 10 decades. A total of more than 70 counties and more than 10 million mu of cultivated land were affected. There was no rain in many places from early in the year to July, and due to the large area affected and the long period of drought, the disaster was really serious. But in spite of such serious disasters, the province was still able to reap good harvests. It produced a total of 19.1 billion jin of grain, and the commodity grain it sold to the state increased by more than 700 million jin over the figure of the previous year. Through years of effort, the amount of the grain purchased by the state has doubled. The output of sugarcane, tea, silkworm cocoons, rubber, and aquatic products has also increased considerably. As more pigs have been raised, the commodity rate of the animals has been gradually increased and consequently the purchasing volume has increased in successive years. The number of pigs purchased in 1983 increased by more than 730,000 over the previous year, and consequently the province has stopped importing pigs from other provinces. Through the test of serious natural disasters, the system of contracted responsibilities on the household basis has demonstrated its strong vitality and eventually it has taken a deep root among the people of various nationalities.

Following the popularization of the system of agricultural contracted responsibilities on the household basis, there has emerged an enormous surplus labor force in rural areas. Consequently, the peasants have more spare time, and this situation is favorable to peasants to carry out diversified economic management to promote division of work and trades and the development of commodity production. Key households, specialized households and new economic combines have sprung up across the province. There are now more than 560,000 key and specialized households, making up 10.5 percent of the total peasant households in the province. The areas that have made relatively rapid progress in this aspect account for 27 percent of the total area of the province. A number of peasants have left farm work and taken part in developmental production, industry, commerce, and various service trades in their own home villages. This portion of the peasants represents advanced productive forces in rural areas, the backbone force in developing commodity production, as well as pioneers in leading the broad masses of peasants to become rich through their own labor. The division of work and the division of trades in rural areas represent a natural result of the development of social productive forces. The development of such divisions has promoted the change of agriculture from self-sufficient and semi-self-sufficient economy to large-scale commodity production. Agricultural commodity rate in the province was 28.3 percent in 1980, but in 1983, it increased to 39.5 percent. The agricultural and sideline products sold per head of the agricultural population in 1980 were 50.10 yuan in 1980 as against 93.70 yuan in 1983, showing an increase of 80 percent. The purchase volume by the state and supply and marketing cooperatives and the transaction volume of free markets in 1980 were 8.73 billion yuan but in 1983 this figure increased to 13.61 billion yuan, a growth of 56 percent. The structure of agricultural economy has been readjusted and the proportion of the output of diversified economic management in gross agricultural output value increased from 51 percent in 1980 to 57.9 percent in 1983. Total income of township enterprises on the average increased by 18.1 percent annually in the past 3 years. This situation proves that agriculture in the province has begun to shift from single-product farming to the road of overall development of agriculture, forestry, animal husbandry, sideline production, and fisheries and comprehensive management of agriculture, industry and commerce.

## Second, Industry Has Been Developing Quite Rapidly Under the Premise of Constantly Improving Economic Results

In the past 3 years, the industrial front has conscientiously implemented the "eight-character" principle for the readjustment of the national economy to gradually shift the production activities of industrial enterprises onto the road of centering on improving economic results. Industrial structure has been readjusted, efforts have been made in promoting the production of consumer goods, with cigarettes and sugar as the main products, service orientation for the machine-building industry has been shifted, and the national defense industry has been organized to produce civilian products. Thanks to this effort, industry in the province has added more than 2,000 new varieties of products in the past 3 years, with more than 10,000 new specifications, designs, and colors. More than 400 enterprises with high energy consumption, big losses and unmarketable products have been closed down, suspended, merged or shifted to other production. Measures have been taken to reorganize enterprises in an overall way. A total of 57 out of 112 key enterprises have passed checking. More than 90 percent of enterprises have introduced various forms of economic responsibility system, and consequently enterprises and workers have begun to display their initiative and creativity. Attention has been paid to technological reform of the existing enterprises. In the past 3 years, a total of 1.8 billion yuan has been spent in renewing and transforming enterprises. More than 4,000 items of technological transformation have been completed, and they have added more than 900 million yuan output value and more than 300 million yuan tax profit. Thanks to these measures, the quality and market adaptability of enterprises have been improved, and various difficulties such as shortages of energy, raw materials, and transport have been overcome. Consequently, an excellent situation is characterized by "one improvement" and "four growths" has emerged.

The improvement refers to considerable improvement in economic results. The amount of working capital possessed per 100 yuan output value in the industrial enterprises under ownership by the whole people which have carried out independent accounting in 1983 was 22.8 percent lower than the figure for 1980; capital circulation has been shortened to 31 days; labor productivity of the whole workforce has increased from 8,374 yuan in 1980 to 10,594 yuan in 1983, to break the 10,000 yuan mark for the first time, with an increase of 26.5 percent; the number of the enterprises losing money in 1983 was 192 less than the figure for 1980, while the amount of the losses decreased by 22 million yuan. Measures were taken last year to check on state industrial enterprises included in the budget according to the 16 economic and technological indices as stipulated by the state. Results of the check showed that 11 indices have improved and the situation of 4 is stable. The comprehensive development index for the whole year was 85.

The four growths refer to, first, the production of light industry with agricultural and sideline products as raw materials has grown considerably. The output of the food industry on the average increased by 19.6 percent in the past 3 years. Tax and profit from cigarettes, sugar, tea, and wine in 1983 was more than 910 million yuan, 55 percent of the total financial revenue, and this tax profit has become a major source of revenue in the province. Second, the production of agricultural materials has grown considerably. The output of hand-tractors

has increased by 180 percent times in 3 years, that agricultural-use plastic sheets increased by more than 400 percent, and chemical fertilizer increased by 16.5 percent. Third, output of consumer durables has increased by a big margin; output of bicycles increased by 520 percent, wristwatches by 430 percent, sewing machines by 53 percent and television sets by 190 percent. Fourth, the production of building materials has increased considerably. Cement output increased by 39 percent in 3 years, while glass plates increased by 170 percent and bricks by 46 percent. Of 70 products included in state major check targets, 26 have met more than 90 percent of the targets of the Sixth 5-Year Plan and 11 products, including steel, copper and tin, have met the quotas of the Sixth 5-Year Plan 2 years ahead of schedule.

The scale of capital construction has been basically put under control. A total of 240 million yuan of investment has been curtailed. The orientation of investment has been readjusted, and major construction projects of energy and transportation have been strengthened. In the past 3 years, a total of 3,623 construction projects have been completed, put into production, and delivered for use. The new productive forces that have been realized by capital construction, renewal, and transformation include generators with a total capacity of 145,800 kilowatts, 320,000 tons of coal, 129,400 tons of sugar, 9,445 tons of nonferrous metal, 56,784 spindles, and 2,084 kilometers of highways. The first phase of the construction of Kunming trisodium phosphate factory, which is one of the 70 key construction items in the country has been completed; it was successfully put into trial production last November and has begun production, to accumulate experience for quickening the construction of key projects. When the whole project of this factory is completed, it will be basically able to supply the raw materials for producing detergent powder that are needed by the country. Measures have been taken to tap potential and solve the problem of serious shortage of railway trains and guarantee the transportation of major goods. Post and telecommunications have made active contributions for the realization of the modernization program.

### Third, Commodity Circulation Has Been Further Expanded and People's Living Standards Has Been Improved

In order to promote the production of commodities and meet people's increasing needs, we have grasped production and circulation, persisted in the principle of taking planned economy as the main thing and regulation by market mechanism as the supplement, followed the principle of promoting the relations between urban and rural areas, diversified economic forms, diversified economic management, added more channels with less links, and concentrated our efforts on increasing commercial networks and points, readjusting purchasing policy, expanding purchasing [word indistinct], reforming the system of supply and marketing cooperatives at grassroots levels, adding circulation channels and improving the style of work in management. New achievements have been made in these tasks. In the past 3 years, a total of more than 82,000 commercial retail networks and points have been added and more than 200 trading markets, warehouses, and free markets for agricultural and sideline products have been built, employing an additional 107,000 employees. A total of 24 first and second-category agricultural and sideline products have been freed from state

monopoly purchases, and more than 500 small commodities have been freed from state pricing, to relax control over prices. The first step in the reform of the system of the supply and marketing cooperatives at grassroot levels has been completed, and these cooperatives have initially restored their features of serving the masses, democratic management, and flexibility. A number of supply and marketing cooperatives in counties where folk trading is carried out have been built. The system of contracted responsibilities for management has been introduced and popularized by state-owned small retail shops and catering service trades. Certain experiences have also been accumulated in reforming comprehensive management of agriculture, industry, and commerce, while a number of collective and individual commercial undertakings have been developed. Markets in rural and urban areas in the province have become unprecedentedly brisk, and sales and purchasing volume of commodities has grown considerably. Total purchasing volume of social commodities in 1983 was 6.21 billion yuan, an increase of 78.6 percent over the figure for 1980. Retail sales volume of social commodities totaled 5.85 billion yuan, an increase of 42 percent. The transaction volume of free markets totaled more than 1.35 billion yuan, an increase of 89 percent. Certain growth has also been recorded in purchases for foreign trade and exports. New achievements have been made in price work, and through price checks by the masses, the practice of raising prices at will has been basically curbed while the situation of increasing prices covertly has also been corrected.

The development of production and expansion of circulation have been followed by constant improvement in people's living standards. As the party policy of making the people rich has been implemented, the peasants' income has been increased in general. Peasant average net income increased to 274.400 yuan in 1983 from 126.70 yuan in 1980; a number of households that have been able to produce 10,000 jin of grain and earn 10,000 yuan income have emerged; the amount of grain resold by the state has decreased considerably; the amount of this in 1983 was 250 million jin, 150 million jin less than 1980; more than 760,000 peasant households have built new houses while radio and television sets, books newspapers, magazines, and various healthy cultural and sports activities have found their way into the daily life of the broad masses of peasants. Wages of workers in urban areas have been increased. Their average wages increased to 840 yuan in 1983, an increase of 80 yuan over 1980. A total of more than 260,000 people have been given new jobs in the past 3 years. During this period, the new houses built for workers totaled 8.25 million square meters, and this figure is higher than the total area of the houses built in the 21 years from 1950 to 1970. By the end of 1983, savings bank deposits of the urban and rural population were more than 1.6 billion yuan, 138 percent higher than the figure for 1980.

#### Fourth, New Development Has Been Made in Production, Science and Culture

Following the developments in modernization, the leadership at various levels has paid much more attention than before to such aspects as exploiting brain power and promoting technological progress. The broad masses of people have become particularly enthusiastic in running schools and studying culture, science and technology. The provincial, prefectural, and county finances used in this aspect and in its capital construction totaled about 1.8 billion yuan in the past 3 years (the expenditures for education, culture and science and technology were equivalent to the total for the period from 1952 to 1974) and of this figure, more than 1 billion yuan was used in education. Education conditions in colleges, and secondary and primary schools have in general been

improved. Higher education has been promoted in various forms and specifications, including correspondence education, evening education and TV education while the number of various specialized classes, advanced classes and training classes has increased considerably. Progress has been made in reforming the structure of secondary school education. Last year, a total of 81 new agricultural schools and other vocational schools were built, while the proportion of students in various vocational schools has increased. Rapid progress has been made in primary school education. The number of the pupils enrolled in 1983 was over 200,000 more than in the previous year, showing the highest growth in the country. Attention has also been paid to the education of people of minority nationalities. A total of 1,027 boarding and semi-boarding primary and secondary schools for people of minority nationalities have been built, colleges and other secondary schools have set up more than 300 classes for minority-nationality people, and the proportion of minority-nationality students in various levels of schools has increased annually. New progress has been made in science and technology. In the past 3 years, a total of 1,384 scientific and technological achievements have been reported to the provincial scientific and technological commission and this figure equalled the total for the 28 years before 1977. The more than 320 key projects that have been arranged and popularized by the province have played important roles in economic construction. New achievements have also been made in journalism, publishing, radio, television, literature and art creation, sports, public health, and the building of cultural centers, libraries and museums. Planned parenthood work has been carried out with quite good results. The multipregnancy rate has dropped and the natural growth of population has been put under control.

#### Fifth, Social Mood and Security Have Been Improved Considerably

Ideological and political work with communist ideology as the core has been stepped up in the past 3 years. Such activities as "five stresses, four beauties and three loves" and "civilization and courtesy month" have been carried out in rural and urban areas in the province and these activities have been gradually normalized and systematized. The broad masses of young people have taken part in such activities as "learning from Lei Feng and forming new habits" and "reading books for the sake of making the country more prosperous," and they have scored considerable achievements. A great number of "new long march shock workers," "8 March Red Banner pacesetters," model workers, fine CPC and CYL members, civilized units and five-good families have emerged. Good people and good things characterized by such aspects as readiness to take up the cudgels for a just cause, happiness in helping others, devoting oneself for public interest, and scrupulously abiding by discipline in fulfilling duty have constantly come to the force. The demarcation lines between right and wrong that had been confused during the 10 turbulent years have been gradually clarified; people have been able to further distinguish between right and wrong, beautiful and ugly, and good and evil; new and good socialist relations between men are being formed; the whole social outlook is improving by each passing day, and an encouraging atmosphere has emerged.

In the past 3 years, measures have been taken to improve social security. Since last August in particular, vigorous and powerful legal measures have been taken to quickly and strictly crack down on serious criminal activities that have endangered social security. The broad masses of the people have come to

the fore to fight against such activities, and consequently criminal cases have dropped drastically and social security has been considerably improved. The crack down on criminal activities has promoted comprehensive development of social security, while society has paid more attention to the work of preventing crime and educating those who have made serious mistakes. Mediation work among the people has been strengthened. Public security responsibility systems and rules and regulations in rural areas among the people and in factories and shops have been gradually formed. Public security and judicial grassroot levels and their work, border defense controls, reform through labor and education and militia building have been strengthened. These measures have effectively ensured the life and property of the people and smooth implementation of the modernization program.

In accordance with the plan of the CPC Central Committee and the provincial CPC committee, the provincial, autonomous prefectural, and county governments and administrative offices have carried out structural reform. The leading groups have become more revolutionary, younger in average age, better educated, and more professionally competent and the situation in which organs are over-staffed has been improved. This situation represents a good foundation for the formation of a strong government work system.

In the new situation, new achievements have been made in work in such aspects as labor personnel matters, nationalities, civil administration, overseas Chinese affairs, religion, foreign affairs, tourism, rural and urban construction, environment protection, statistics, finance, banking, and industrial and commercial administration. Auditing departments have played active roles as they have carried out their work simultaneously with reform work.

The PLA units stationed in Yunnan Province have performed meritorious deeds in building and defending the border areas. The commanders and fighters have made tremendous contributions in helping the people, promoting the modernization program, defending sovereignty, fighting against natural disasters and saving people's life, supporting the government and cherishing the people, and in building spiritual civilization.

The economic development of the province has developed quite rapidly with improved results in the past 3 years. But as the foundation of the province is weak, per capita gross industrial and agricultural output value and financial revenues are only one-half of the national level, per capita national revenue is one-third lower than the national level, and the level of income in border regions and the regions where minority-nationality people are living is still lower. The science and technology and management levels are still backward, and traffic is still jammed, while goods circulation is not smooth. The main problems that have hindered progress at the present stage is that our understanding lags behind the rapidly developing situation; in particular, regarding the historic changes in rural areas, our minds have not been emancipated enough, we are too steady and we do not have enough enthusiasm in creating things, and consequently we have only made limited breakthrough. "Leftist" influence has not been completely eliminated and we have not taken many special measures to proceed from reality, relax policy and develop commodity economy so as to make the peasants rich as quickly as possible. The question of how to

be subordinate to and serve the general goal has not been resolved well; we have not really discussed matters of major importance, understand the overall situation and look after our own business well, and much work that should have been done has not been done well. The work of improving economic effects is just at the preliminary stage and the situation that is characterized by high investments and low output has yet to be markedly changed. The style of leadership and method of work in no way accord with the new situation and basically, they are still under the bondage of stereotypes and old methods, while the problem of "piles of documents and endless meetings" is quite striking. We have studied these situations on a number of occasions and we are deeply aware that all these problems hamper the realization of the modernization program. Therefore, it is imperative to take measures to resolve these problems. I hope that all the delegates will check, criticize and supervise our work.

## II. The Main Tasks in 1984

According to the strategic goal put forth by the 12th CPC Congress and the important speeches made by General Secretary Hu Yaobang and Premier Zhao Ziyang during their inspection tour of Guizhou and Chongqing on exploiting the vast areas of Southwest China, the provincial government has, since last year, studied on a number of occasions the economic work of the province in 1984. Party rectification will be carried out in an overall way this year, which will mark the 35th anniversary of the founding of the PRC; it is also a year that is vital for the realization of the Sixth 5-Year Plan. Therefore to fulfill in an overall way and overfulfill the various tasks for this year will have a very important significance for realizing strategic double growth, exploiting the vast areas of Southwest China, and boosting the economy of Yunnan Province.

The guiding ideology for the economic work of Yunnan Province in 1984 includes: Take party rectification as the motive force and continue to implement the principle of readjustment, restructuring, consolidating and improving, centered on improving economic results. We must further emancipate our minds, relax policy, persist in the open-door policy, enliven the economy at home, and develop commodity production in a big way so as to enable the people of various nationalities in the province to become rich in the quickest possible time. The main goal in planning industrial and agricultural production is as before "guarantee a 6-percent rise and strive for 7 percent" but this work must be carried out on the basis of and in a better way than last year's level. Efforts will be made to achieve gross industrial and agricultural output value of 17.4 billion yuan, a growth of 9.6 percent; we will also strive to increase gross industrial output value by 12 percent to reach 10 billion yuan; gross agricultural output value should reach 7.4 billion yuan, an increase of 6.5 percent, and financial revenue should reach 1.86 billion yuan (including that from nonferrous metal for central financial revenue), an increase of 12 percent. When these tasks are realized, it means that we will be able to fulfill the major quotas for the Sixth 5-Year Plan 1 year ahead of schedule. While efforts are made to do a good job of socialist material civilization, we will also strengthen the building of spiritual civilization, democracy, and legal system so that to further improve the social mood and security.

Therefore, we will do a good job of the following aspects.

(1) Conscientiously Implement Document No 1 of the CPC Central Committee so as to Develop Rural Commodity Production in a Big Way

Document No 1 (1984) of the CPC Central Committee represents a continuation and development of the party principles and policies for the rural areas since the 3d Plenary Session of the 11th CPC Central Committee. It is a tremendous motive force for mobilizing the broad masses of peasants to reap good harvests in successive years as well as a powerful weapon that will guide us in daring to create things, relax policies, and develop the production of commodities. According to the specific conditions of Yunnan Province, we will carry out the jobs in the following aspects.

1. To study, disseminate and implement Document No 1 will be the key point in our work for the whole of 1984. Constant effort will be made to organize rural cadres, the masses, and workers of various trades in the province to seriously study the document. In the following busy spring farming season, measures will be taken to push this study to a climax so that the spirit of this document will take deep roots among the masses and become their conscious action.
2. The period of contracted responsibilities for farmland will be extended to 15 to 20 years; for forests it will be extended to 20 to 30 years; while for afforestation on barren hills it will be extended to as long as 50 years, and the contracted period for forests with longer growth cycles will be extended to a still longer period. This measure is taken to encourage the peasants to make more investments and use more labor force on contracted lands, improve soil fertility, and build the necessary water conservancy projects.
3. Great effort will be made to support the development of specialized and key households and combines. First, no special tax will be levied on specialized and key households in the province. The households that have to pay management tax but have difficulties in paying it will be given consideration by tax departments in the form of decreasing the amount of the tax or else waiving such tax for certain years, depending on the types of the tax to be paid and the situation of the management of these households. The specialized and key households in border regions and poor mountain regions in the hinterland that are responsible for stock raising and breeding, processing, travel trading, commerce, service, repairs, disease prevention, science and technology, and developmental production will be exempted from tax for 5 years. The specialized and key households that have come to these areas from hinterland and plain areas to carry out the above mentioned activities will also be exempted from tax. Second, specialized and key households responsible for developing barren hills and slopes and poor beach and water areas and that have difficulties must be given low-interest loans and loans with subsidized interest, and they may also be freed from providing retention for a certain period. Third, individual households and the households that are at the same time carrying out commercial and agricultural activities may purchase goods from grassroots supply and marketing cooperatives by producing their licenses; they may also purchase from higher departments, other regions or even other provinces. Fourth, the aquatic products from the water areas that are under the responsibility of specialized and key households are not included in state

monopoly purchases. This means that the products are at the disposal of the producers themselves. Fifth, the specialized and key households that are responsible for stock raising and breeding must be encouraged to establish business relations with state, collective and individual catering undertakings in cities and towns or sign sales and purchasing contracts with them to directly provide live products at negotiated prices. These households may also directly sell their products in cities and towns, set up shops to sell their products, or build and manage slaughterhouses. Sixth, the specialized and key households must be guided and encouraged to merge themselves into bigger organizations under the principle of voluntary and mutual interest; they may set up joint ventures with those in other places and regions or with state enterprises, supply and marketing cooperatives, and township enterprises in the form of setting up fixed assets joint ventures or other forms of joint ventures with [word indistinct] structure. Seventh, specialized and key households may sell their commodity grain in county towns and other small towns and manage public undertakings such as industry, commerce, services, and even cultural and education undertakings, with the towns being responsible for providing [word indistinct], shops, buildings and other facilities. Eighth, specialized and key households must be given technological guidance, education and training, as well as legal protection. Scientific and research popularization departments and commercial and education departments must support specialized and key households by providing them with seeds, animals, fodder and farm machinery and tools, and convenience must be afforded the households that require technological training. Notarial and legal advisory services must provide legal aid to the economic activities of specialized and key households so that their interests will be protected.

4. Form specialized funds for developmental production. Part of the capital and working finance of various levels in the province that are allocated for various undertakings such as developing forestry, mulberry trees, tea, and rubber will be turned into specialized funds for developmental production. These funds carry low or no interest and they will be used for specialized exploitation as circulating funds.

5. It has been planned that within this year, the province will cultivate 1 million mu of hybrid paddy, 2.5 million mu of hybrid maize, and complete 4 million mu of soil improvement, 10 million mu of comprehensive experiments and single-cropping exemplary fields, and 8 million mu of paddy fields with light chemical fertilizer application. Paddy fields and dry paddy fields will be planted at the same time and effort will be made to grasp well early and late spring sowing and late autumn sowing so that total grain output in the province will exceed 20 billion jin. Efforts will also be made this year to set a new record through acreage expansion in output of strong, adaptable and high-yield crops such as taros, cassava and sweet potatoes.

6. Further measures will be taken to develop diversified management and further readjust agricultural structure. The acreage for tobacco growing will be restored to 1.5 million mu to produce 5 million dan of tobacco, with high and medium-grade tobacco making up more than 65 percent. The acreage for sugar

cane will be 1 million mu, to produce 84 million dan of output, and efforts will also be made to increase output to 90 million dan. The targets of the output of tea will be 550,000 dan, dried rubber sheets 31,000 tons, and silk-worm cocoons 30,000 dan. Efforts will be made to encourage the concentration of cultivated lands into the hands of those who are skillful in farmwork so that more surplus labor force can be switched to developing forestry, animal husbandry, sideline production, and fisheries as well as opening up new production sectors. We must strive to increase aquatic products to 30,000 tons this year. Peasants must be allowed to build ponds on their contracted lands to breed fish, and the collective and individuals must be allowed to carry out breeding trades on state water areas for which they are responsible through contracts. The proportion of the output of diversified management in gross agricultural output value must be increased to about 60 percent and agricultural commodity rate must be increased to over 42 percent.

7. The experiences that are gained in experimenting in the management of state farms, forests, animal husbandry and fishing grounds by workers' families must be popularized so as to achieve still bigger achievements in this aspect.

#### (2) Do a Good Job in Exploitation of Hills and Slopes and Strive to Build More Than 10 Million Mu of Forests

Efforts must be made to step up the exploitation and utilization of hills and slopes and to change natural advantages into economic advantages. This move represents a strategic measure for improving the province and making people rich. The rights and responsibilities with regard to forests were basically resolved in 1982 and 1983, therefore measures will be taken this year to make forests and agriculture benefit from this work and enable peasants to earn their living by relying on the production in hilly areas. Consequently, the following tasks are imperative. First, reform planning management of lumber. Seventy percent of the standard lumber logged according to state plans must be sold to the state and this task must be met first. The other 30 percent are at the disposal of the collective. A total of 10 percent of the standard lumber produced by state forestry bureau is to be retained by localities. The province plans to follow the spirit of Document No 1 of the CPC Central Committee and send work teams to hilly regions to define the volume of the trees that can be logged, the volume to be sold to the state, and the volume to be retained by each village, people's commune, and production team under, the premise that the volume of logging must be lower than the volume of the trees grown. This defining will remain unchanged for 5 years, so that the masses of peasants will feel ensured to promote scientific logging and protect forest resources. Second, efforts will be made to improve the processing and comprehensive utilization of timber. Diversified management will be organized and a number of small timber processing factories and timber chemical industrial enterprises will be built. The target of timber processing volume and the volume of standard timber retained by the collective this year is 1 million cubic meters, with output value in excess of 100 million yuan. Third, bamboos will be freed from state monopoly purchasing and can be traded freely. A good job must be done this year in investigating the resources of wild bamboo, while bamboo processing technology will be imported from other provinces. That is to say, efforts must be made to make a considerable breakthrough in processing and utilizing bamboos. In particular, places like

Xishuangbanna, Simao, Dehong, Baoshan and the Honghe prefectures must make considerable achievements in this aspect. Fourth, the contracted period of hills and slopes will remain unchanged for 50 years, and the rights of contracted responsibilities can either be inherited or transferred. Medium-age and young forests can be transferred at discount prices. Contracts regarding responsibilities and transfers must be notarized by judicial departments. Peasants are allowed to handle in many ways the timber that is grown and retained by themselves. Fifth, do a good job of preparatory work such as nursing saplings and seedlings. Prior to the rainy season, the peasants must be organized to plant 10 million mu of trees and 500,000 mu of grass. Efforts must also be made to transform and renew the existing grass areas, while in places where conditions permit, it is imperative to close hills and grow grass. A good job must also be done in such aspects as improving the breeds of animals, fodder, building of grass slopes, and disease prevention so as to increase animal grazing capacity of the grass-growing areas and the animal commodity rate.

### (3) Strive to Increase Gross Industrial Output Value to Over 10 Billion Yuan Under the Premise of Improving Economic Results

Active measures must be taken in reforming industry. It is imperative to grasp the work of improving technology and do a good job of improving safety, promoting civilized production, improving quality, quantity, and varieties, and accelerating the development of industrial production under the premise of improving economic results.

1. Do a good job of experiments in which departments and bureaus are no longer involved in direct management over enterprises. To enable key cities to be directly responsible for the management of enterprises is in the interest of such cities, to fully display their advantage in technology, equipment, and management. It is also in the interest of establishing various forms of organizations, joint ventures, and coordination so as to promote the development of industry in medium and small cities and towns; in the interest of cutting duplication in management and leadership, so as to display the initiative of the enterprises; and in the interest of enabling departments and bureaus to carry out their function of making unified arrangements, coordination, supervision and service so as to strengthen industrial management. All these represent a major reform of the industrial management system. Therefore, this work must be carried out through experiments so as to gain experience and create conditions for gradually divorcing provincial departments and bureaus from direct management over enterprises. It is particularly important this year to experiment in the joint management of textile industry and commerce and to form combined for production, supply, and marketing.

2. Solve well the relations between the state and enterprises so as to mobilize the initiative of enterprises. First, on the basis of state unified arrangement and the specific conditions of Yunnan Province, it is imperative to carry out the second stage in introducing the system of substituting tax payment for profit delivery. Second, select 10 enterprises to continue with the experiments on contracted responsibilities for increasing profits. Third, under the premise of maintaining ownership, the small state enterprises that are implementing grade-8 accumulation tax must carry out contracted responsibility system in an overall way, with the same management and method of distribution that are

used by collective enterprises. Fourth, construction enterprises must continue to expand experiments in contracted responsibility for projects. It is advocated that construction units invite tenders for building construction so as to have the chance to select the best building units. Building teams in rural areas may join the [word indistinct] in urban areas. Tenders from other provinces may be invited to bid for major construction projects.

3. Further expand decisionmaking powers of enterprises. Since the 3d Plenary Session of the 11th CPC Central Committee, the experiences that have been gained through the expansion of the experiments in this aspect show that the expansion of enterprise decisionmaking powers is in the interest of overcoming excessively rigid management over enterprises, which was universal. The expansion of enterprise decisionmaking powers is also in the interest of overcoming the situation in which responsibility is divorced from rights and interest and in which "everybody is eating from the same big pot" and in the interest of further liberating productive forces, enlivening economy, and improving economic results. In this year, 50 large and medium state industrial and transportation enterprises that have been consolidated and whose results have been checked and approved will carry out the experiments in expansion of autonomy in the following aspects: First, expand the autonomy of factory directors. Factory directors are appointed by higher departments; deputy factory directors are nominated by factory directors and approved by enterprise management departments. The appointments and dismissals of medium-grade cadres and below and the arrangement of enterprise internal structure and decided by factory directors. Cadres must be able to carry out their work both in higher and lower positions. Factory directors have the right to award or penalize staff within the range of enterprises; they have the right to award and promote workers who have made great contributions, and to penalize and even dismiss those who have made serious mistakes or violated labor discipline. The second is that enterprises have the right to select those whom they consider capable and to employ specialized technicians and management staff; they have the right to resort to various forms to recruit workers in defined areas through examination, and to employ the best. Third, enterprises have the right to determine the method of their internal distribution. Bonuses must be linked to operational results; profits (tax bonus rates must be defined rationally, bonus ceiling must be abolished, and the method of taxing bonuses must be introduced. The amount of the bonus provided by enterprises in a year must not exceed 2 months of standard wages, with bonus exempted from tax; a bonus higher than 2 months of standard wages must be based on the regulations defined by the State Council, and in this situation, the bonus must be taxed on the basis of over-quota accumulation. Floating wages are allowed. The fourth is to expand the right of enterprises in using their own capital. Items of technological transformation that require less than 150,000 yuan and items of capital construction that require less than 50,000 yuan can be decided by enterprises themselves, without having to report to higher departments for approval. Fifth, expand the right of enterprises in selling over-quota products by themselves. That is to say, enterprises have the right to sell a certain proportion of products by themselves after they have met production quotas. Enterprises have the right to float, within a certain range, the prices of the over-quota

products made from the raw materials purchased on their own accord. On the basis of the above-mentioned expansion of autonomy the tasks of enterprises are based on the contracts signed between factory directors and management departments; the directors of enterprises that have fulfilled the contracts will be commended and awarded with a bonus equivalent to 3 months' wages. The directors whose enterprises have made particularly outstanding achievements and have been able to meet contracts in successive years will be promoted, and their wages will be increased. Those whose factories have failed to meet contracts will have their bonus and wages decreased, or they may also be dismissed, depending on the seriousness of the cases.

4. Perfect the various forms of responsibility system in enterprises so as to further mobilize workers' initiative. Wages and bonuses must be linked with enterprise operational results and workers' contributions. The methods of introducing basic wages plus bonus, floating wages, contracted responsibilities for management, retention wages and piece-rate wages must be implemented by the enterprises that have the necessary conditions to do so. These enterprises also can use bonus funds to subsidize technology, duties, and posts. The enterprises that have the necessary conditions may also carry out a general promotion of their workers and staff members. The construction enterprises that have introduced the system of contracted responsibilities may switch from the method of defining wages on the basis of the number of workers to the method of contracted responsibilities for output value and wages. In this way, those who have worked more will gain more, otherwise they will gain less. The bonus for saving particular raw materials and energy must not be included in the bonus quota.

5. Reform the employment system. When both new and old enterprises want to recruit workers, they must experiment with the system of contract workers; but it is not advisable to do so in recruiting permanent workers who will carry out particular types of work. Mines, building trades, hydroelectricity projects, and railways and highways must recruit as few permanent workers as possible and as many rotational and contract workers as possible.

6. Active measures must be taken to develop the technology of enterprises. The capital that has been allocated for technological reforms in the province this year totaled 410 million yuan. The number of major technological reform items that are newly added and those that have been shifted from the previous year is 474, and efforts are being made to complete them. In order to promote the development of technology, we must aim at reaching the technological level of the end of the 1970's and early 1980's both at home and abroad, and this work must be included in industrial planning. We must also strive to open up more capital sources so as to quicken the pace of technological progress. In addition to the 67 million yuan that have been allocated by the province, various regions, departments and enterprises must largely use their capital for technological reform. The expenditures of enterprises that have been used for carrying out scientific research and trial-producing new products, purchasing samples of products and machinery, and testing apparatus must be included in production costs. Enterprises can retain 1 percent from the income of the sales

of their new products, after approval. Under the premise of guaranteeing product quality and a stabilization and improvement rate not lower than 80 percent, the province has planned this year to add 1,000 new varieties, and 3,000 new designs, sizes, colors, and specifications and to produce 145 kinds of quality products. The whole province must economize 320,000 tons of standard coal and 150 million kilowatt hours of electricity. Steels utilization rate of the machine-building industry must be 2 to 5 percent higher than the level of last year.

7. Step up enterprise consolidation. The enterprises that began their consolidation last year must complete it in the first half of this year, and the results must be tested. Leading groups must be improved by selecting those who have good qualities and who are professionally competent, are younger in age and enthusiastic in their work and who have acquired specialized knowledge to join the leading groups as chief executives and deputy chief executives. These new leading groups must be responsible for enterprise consolidation. Work must be done well in building enterprise grassroot levels, while the economic responsibility system in enterprises must be perfected. Standards must be upheld, testing must be strict and those that have failed to meet the test must strive to meet it.

8. New efficiency must be realized in turning losses into profits. The amount of losses of state enterprises that are included in budget must be 50 percent lower than last year's figure, while enterprise profits must grow by more than 6 percent. Key targets in this work are the enterprises with annual profits of more than 1 million yuan, or with over 500,000 yuan in losses. The method of "adding pressure, resorting to policy, and rendering help" must be continued in the enterprises that are suffering from operational losses, and these enterprises must be able to get rid of losses within a set period. The enterprises that have been able to get rid of losses during the set period are in a position to retain 3 to 5 percent from the reduced losses as bonuses for workers, but this practice can only be carried out once. All the amount from reduced losses in coal production units can be retained by these units. Enterprises that have failed to eliminate or reduce losses in a set period will be closed down, suspended, merged, or shifted to other production, depending on their specific conditions; the workers of such enterprises will not be given bonuses while the wages of senior cadres will be cut by 10 percent, and they may even be dismissed. The enterprises that are making profits will have to pay 40 percent regulation tax and fixed proportion tax for the growth of their profits. All management departments and enterprises at grassroot levels, provincial departments, prefectures (autonomous prefectures and cities) and counties must introduce responsibilities for turning losses and increasing profits, and they will be awarded or penalized on the basis of their achievements that will be checked by the end of the year. Accounting, financial, and monetary departments at various levels must continue to work hard and do a good job so as to make their contributions in helping enterprises get rid of losses and make profits.

(4) Develop Township Enterprises in a Big Way so as to Increase Output Value and Income Considerably

To actively support the development of township collective enterprises is very important for improving the present economic situation of the province, and it represents a strategic measure for doubling gross industrial and agricultural output value of the province, as well as our hopes. The output value of collective industrial enterprises this year must reach more than 1.58 billion yuan, an increase of 22.2 percent over the figure for last year; total income of township enterprises is expected for each 1.3 billion yuan, an increase of 30 percent.

In order to step up development of collective enterprises, it is imperative to implement policies in a more relaxed way toward such enterprises than those in the hinterland and state enterprises. They must be given support in capital, consideration in tax, and guidance in technology. Various systems, departments and regions must enthusiastically support these enterprises, give them the "green light," and provide them with conditions so that they will be able to follow the principle of "determining the management by themselves, being responsible for their own losses and profits, carrying out distribution on the basis of work and introducing democratic management and make still bigger achievements.

1. Factory directors of collective enterprises must be elected in a democratic way, and they must have more decisionmaking powers than the factory directors of state enterprises. Collective enterprises may introduce various forms of employment system such as recruiting contract workers, temporary workers, and permanent workers. Workers are employed selectively, and they may quit if they wish. The time and number for recruitment are determined by the enterprises themselves. Township collective enterprises may recruit peasants, but the latter must make their own arrangements for grain rations and their residence records can in no way be transferred.
2. Under the premise of delivering profits to the state, keeping enough for the enterprises, and expanding reproduction, wages and bonus of collective enterprises are determined by the results of their business and the amount of their profits. Wages should be floated, and there should be no ceiling for bonuses.
3. Collective enterprises must mainly rely on themselves in raising capital, with necessary support from the state. Capital can be raised through various channels and in various forms. It can be raised through issuing shares among workers, with each purchasing several shares; or else floating capital in society can be absorbed to buy shares; dividends will be paid at the end of the year; peasants and the township population must be encouraged to invest in joint ventures such as factories and shops. Provincial, prefectoral, and county organs at various levels must form special funds from surplus capital in localities and other workable capital for developing collective enterprises. The expenses for arranging the employment of job-awaiting young people can be lent to enterprises on the basis of the number of the young people.

4. The policy of reducing the industrial and commercial tax on increased profits of collective enterprises by 50 percent must be continued. With the exception of tobacco, wine, sugar, firecrackers, flammables, and wristwatches, products of collective enterprises will be exempted from industrial and commercial tax for 3 years, effective this year. The township collective enterprises in border regions populated by minority nationalities and in poor hilly regions will be exempted from tax for 5 years, beginning this year. Collective enterprises must be given consideration when they pay back loans before paying tax.

5. The supply of the raw materials for the products of collective enterprises that are included in the plans must be treated in the same way as the supply of the raw materials for state enterprises; prices of the products that are made of the raw materials purchased by the enterprises themselves at negotiated prices can be increased or decreased; the prices of small commodities must be free of control and the production of these commodities can be organized flexibly on the basis of market demand.

6. In order to make workers feel assured after their retirement, it is imperative that collective enterprises that have the necessary conditions gradually form social insurance funds. These funds must come from the retention of 15 percent of workers' total wages before tax, and they must be deposited in banks and cannot be used for other purposes. Collective enterprises must pay tax and other expenses according to state rules and regulations but no other units and departments are allowed to apportion the capital and expenses of the enterprises at will.

7. Combine the development of collective enterprises with township construction. Towns represent an important base for the development of collective enterprises. Specialized and key peasant households and surplus laborers in rural areas must be encouraged to run various trades in towns that are urgently needed by society, and they are welcome to set up factories and shops. Efforts must be made to create conditions for them by providing them with sites, shop buildings, and other conditions so as to promote the development of township economy and culture and promote the building of service facilities and the development of collective enterprises.

#### (5) Concentrate Financial and Material Forces to Step up Key Construction Projects in Energy and Transportation

Energy, transportation, and other construction projects are not only urgently needed for the development of production but also represent a strategy for long-term development. Therefore, it is imperative to take strong measures to concentrate financial and material forces so as to accelerate the construction of such projects. The capital needed can be raised in the following ways: First, part of the capital for capital construction that has been arranged by localities and included in the plans must be used in energy and transportation projects; second, the major construction funds that have been raised according

to state plans must be handed over to higher departments, and part of the over-quota funds must be used in key construction projects, too. The amount of the over-quota collected funds last year totaled more than 39 million yuan, and this money will all be used in developing energy and transportation this year; third, persist in the principle of combining the strength of the state, collective and individual to build power stations, open up mines and build highways with investments being made by township collective enterprises and individuals. The construction of major projects such as the three-stage power station of Xier He, the generator No 1 of Kengkou power station in Xiaolongtan, the improvement of the power station in Puping village, and the expansion projects of the shaft No 2 of Tianba coal mine and Xiaolongtan coal mine must all be stepped up. The shipment of important materials such as steel, cement, and timber must be ensured so as to guarantee the needs of these major construction projects. Preferential policies may be implemented for local small hydropower stations with regard to prices of the electricity produced and tax and profits that are to be delivered to higher departments, so as to promote electric power energy in localities. Efforts must be made to tap the potentials of the existing coal and power enterprises in a bid to produce an additional 300,000 tons of coal and 500 million kilowatt hours of electricity this year.

With regard to transportation, it is imperative to follow the directives of General Secretary Hu Yaobang, base ourselves on the specific conditions of the province, and pay more attention to highway building. The construction of the Simao-Lancang highway will be started soon and once this project is completed, this highway will help shorten the transportation distance between these two places by more than 100 kilometers. Measures must be taken to transform the four trunk routes that link Kunming to the northeast, southeast, southwest and western parts of the province. Efforts will also be made to build highways and post roads in rural and hilly areas by relying on public effort with government help, and mobilizing the initiative of local workers and the forces of various aspects, so as to gradually form a transportation network. Individuals are allowed to buy vehicles for passenger and cargo transportation. The vehicle mix must be improved, to gradually increase the proportion of vehicles with higher tonnage carrying capacity and raise the transportation rate. The province cut road goods transportation fares by 10 percent on this year. It is expected that after several years of efforts the fare per ton kilometer will be reduced by about 0.10 yuan, so as to improve the comprehensive efficiency of social economy and promote the development of commodity production.

#### (6) Promote Commercial Reform in a Big Way to Basically Change the Situation of Circulation

Following the development of production, the amount of agricultural and sideline products will be increasing, while the peasants' demand for industrial products and particularly farm machinery, chemical fertilizer and other means of production will also constantly increase. With this development, the situation in which circulation is lagging behind will become more striking, and this has already constituted a serious barrier to the development of

commodity production. The only way out in resolving this problem is to reform circulation. We must conscientiously take measures this year to smooth out the channels of circulation and really solve the problem in which the peasants have found it difficult to buy products and sell their produce.

1. It is imperative to fully display the roles of the main channels of state commerce. State commercial enterprises must rationally readjust the accounting units, do accounting by natural retail sales, implement various forms of business management responsibility system, combine rights with responsibility and interests, further mobilize the initiative of the broad masses of workers and staff members, improve the style of business management, extend service hours, improve service quality, and finally make full use of commercial facilities. All small state commercial enterprises and catering, service and repair trades with annual profits less than 50,000 yuan and with less than 30 staff members and workers must implement the principle of "independent accounting, paying tax to the state, and being responsible for their own profits and losses" and actively implement the economic responsibility system. They may also sign contracts on responsibilities or undertake leasing, while the rest is for the enterprises themselves to distribute, under the premise that they have fulfilled tax payment and the tasks that are defined by higher departments. Workers can get more with more labor, and there is no ceiling in providing bonus. It is necessary to select some cities where pork is sold at market price with subsidies given by the state as an experiment in the reform of abolishing list prices.

2. The supply and marketing cooperatives at grassroot levels must be reformed in a thorough way. According to the instructions of the State Council, thorough reforms must be made in the five aspects of supply and marketing cooperatives, namely scope of operations, price management, shareholders' dividends, wages and bonuses, recruitment of workers and cadres' appointments. A breakthrough must be made in this aspect so as to turn supply and marketing cooperatives into peasant cooperatives commercial organizations and form rural comprehensive service centers of production, exchange, technology, and communications. The province, prefectures, and cities must each grasp a county to carry out experiments in reforming the system of supply and marketing cooperatives in a thorough way. Counties in border areas where folk transactions are carried out must restore supply and marketing cooperatives, but before this is done, it is imperative to carry out experiments and sum up and popularize experiences.

3. Actively develop collective and individual commercial households and the households carrying out commodity travel trading. Continued efforts must be made to develop commercial networks and points, support collective and individual commercial households and households undertaking commodity transportation and sales, and add circulation channels. Collective and individual commerce may act as agencies for state commerce and supply and marketing cooperatives, and manage sales and purchasing business; those that are retailing industrial products can purchase at whole prices. Peasants are allowed to sell their products in urban and rural markets and to transport and sell products, including

grain and other agricultural and sideline products, in other counties and other provinces. Free markets in various places can be expanded and trading days can be increased on the basis of the requirements of the masses. Efforts must be made by county towns and industrial and mining areas to open early and late markets every day.

4. Decrease circulation links. Second-grade wholesale organs will not be set up in a city. The cities at and above county level must in general set up wholesale trading markets for agricultural and sideline products and trading warehouses and display their roles as centers for collecting and distributing commodities and exchanging information. Commodities can be directly traded among state shops, collective shops, merchants and those undertaking commodity travel trading. Factories, schools, organs and mass organizations can directly purchase agricultural and sideline products from areas that have met state purchasing tasks. Efforts must be made to organize producing places to have direct links with purchasing places wherever possible, to directly link production with sales, so that direct transfer and sales can be made, with direct accounting.

5. Further readjust purchasing and selling policy of agricultural and sideline products. The first and second category products that are under the management of such departments as commerce, supply and marketing, grain, foreign trade, and medicinal herbs must be conscientiously classified and those that can be classified into the third category must be resolutely so classified. The prices of third-category agricultural and sideline products and those excluded from state purchasing are free of control, and state commerce and supply and marketing cooperatives are allowed to flexibly determine purchasing and selling prices on the basis of rational differentials between purchasing and selling.

6. The method of the construction of commercial infrastructures must be reformed. We must be fully aware that there is serious shortage of commercial facilities, and this problem must be resolved. When effort is being made to build granaries and cold stores with state investments and loans, it is also imperative to encourage production teams (cooperatives), state farms, organs, and mass organizations to make use of idle houses or build warehouses with the capital raised by themselves, and these facilities will be used to store state grain and agricultural and sideline products. Active measures must also be made to develop specialized storage households, and they will receive payment from the state for storing state property.

#### (7) Pay Much Attention to the Exploitation of Brain Power and Accelerate the Development of Education, Science and Culture

To develop education and speed up the training of talent are particularly important for our province, which is relatively backward both in economy and culture. The key work in this aspect at present stage includes popularizing elementary education, reforming secondary education, and developing higher education. The work that has to be done this year includes: First, step up the building of the ranks of teachers. The provincial government has decided to build six teachers' colleges, one teachers' training school and three intermediate teachers' schools this year, so as to gradually form a system of teacher education in the province. Second, accelerate the popularization of elementary

education. The province has allocated 15 million yuan from provincial reserves and development funds to build 3,000 semi-boarding senior primary schools that will be able to accommodate 150,000 pupils in minority-nationality regions, border regions, and hilly regions. Third, further reform the structure of secondary school education. It is imperative to run well polytechnic and vocational schools on the basis of the needs of the development of commodity production. The province and prefectures will build 11 polytechnic schools and a number of vocational schools and add a number of polytechnic and professional classes this year so as to gradually improve the proportion of polytechnic education. Fourth, develop higher education in various forms. The enrollment of full-time college students will be expanded and at the same time measures will also be taken to develop television colleges, evening colleges and correspondence colleges; to run vocational colleges for [word indistinct] students who will pay school fees, will not [be] included in employment arrangement after graduation, and will be enrolled through examination and recommendation and to add speciality classes that will enroll students who have carried out self-study through examination as a move to encourage people from gaining knowledge through self-study. The number of students that will be enrolled by institutes of higher learning this year is 10,400, an increase of 19 percent over the figure for last year. Fifth, efforts will be made to constantly improve the method of enrollment. Some colleges and polytechnic schools will experiment in enrolling students for certain subjects of study, with a certain orientation in arranging employment after graduation.

Efforts will be made to make science and technology further play their parts in promoting economic construction. The technological revolution that is now flourishing represents a good opportunity for us to realize the modernization program, but it is also a serious challenge. Therefore, it is imperative for us to implement the principle of "relying on science and technology in carrying out economic construction, and enabling science and technology to serve economic construction," actively promote technological progress, and finally make science and technology play their parts in developing the economy of Yunnan Province and serving the development of Southwest China. First, strengthen leadership and organizational coordination. The provincial government has formed a scientific-technological leading team which is responsible for investigating and defining long-term scientific and technological plans and coordinating organizations in making scientific and technological breakthroughs so that the province will be able to gradually form a scientific research and popularization system. Second, do a good job in making breakthroughs in major scientific research projects. It has been decided that measures will be taken this year to make marked progress in nine projects, including cultivating five crops strains, exploiting and utilizing fodder, new technology for difficult tin ore dressing, exploitation of phosphate ore resources, the technology for the production of noncalcined bricks, exploitation and utilization of sweet-leaved chrysanthemum, and experiments on the new tobacco products. Third, grasp well the exploitation and application of the new technology that is first of all related to microcomputers. The province has decided to experiment on the application of 34 microcomputers and efforts will be made to score achievements in this aspect as quickly as

possible. At the same time, efforts will also be made to popularize the application of the existing scientific and technological results. Further progress must be made in the items that have been defined such as hybrid paddy, hybrid maize, nursing seedlings under plastic sheeting, dryland paddy cultivation, and improving red soil. Fourth, active measures must be taken to reform the system of scientific research. The provincial scientific and technological committee will take the lead in experimenting on the reforms of five scientific research institutes by combining scientific research with production and fully displaying the initiative of scientists and technicians.

Work must be further carried out in implementing the policy on intellectuals. It is imperative to continue to eliminate "leftist" influence, while the wrong practices of demanding that intellectuals act perfectly without any mistake, looking down upon their work, and suppressing their initiative must be resolutely corrected. We must create public opinion to respect knowledge and intellectuals; we must trust them and rationally assign them to proper positions where they will be able to fully display their advantages and consequently to display their talent for the realization of the modernization program. The comrades who are now in leading positions must be trusted and supported and they should have the right and responsibility to truly play their roles. Most of the middle-aged intellectuals that are now working in various fronts are the backbones in their professions. They have heavy responsibilities in their work and difficulties in their life, including household duties. Therefore we must be concerned with their life from the plane of being highly responsible to the party and the people. The rules and regulations on the policy for intellectuals that have been defined by the Central Authorities and the province must be conscientiously checked and resolutely implemented. The province decided last year to give technical subsidies to scientists and technicians who are working in 101 remote counties and to float one grade of wages for agro-forestry technicians who are working below county levels (excluding counties), and the units that have not implemented this decision must implement it. In order to fully display the role of the existing talents, it is advocated that under the premise of doing a good job of their own positions, intellectuals must be encouraged to undertake social activities, for which they will be rationally paid. Rational flow of talents must be encouraged; in particular, those who are willing to work in border and hilly regions must be commended and given preferential treatment.

The patriotic public health campaign must be continued in a deeper way so as to further improve hygienic environment in urban and rural areas. Urban areas must improve hygiene this year in catering services and environment, while rural areas must handle well drinking water and nightsoil. Leadership must be strengthened over public health work in key regions and resort areas and key transportation lines such as Kunming, Dali, and Jinghong. It is also imperative to organize mobile checks, appoint sanitation supervisors, and take resolute measures so as to make considerable achievements in improving sanitation. We must actively implement the principle of putting prevention in the first place, step up disease prevention and treatment, strictly control the emergence and spread of pernicious epidemics, and lower the incidence of common epidemics.

Acting consideration must be given to ensuring the health of women and children, and efforts must consequently be made to do a good job of health care of women and children. Reforms of public health organs at grassroot levels in rural and urban areas must be continued. All hospitals above county level in the province will launch the campaign of "civilized hospitals" this year in an overall way so as to considerably improve the style of treating patients, service attitude and environments.

Planned parenthood represents a basic policy of the state. The task of controlling population growth is still very arduous. Therefore it is necessary to continue to take rural areas as the key target of this work that must be carried out in various ways, including dissemination and education, technological service, and commanding the advanced. We must study the new situation that has emerged in rural areas following the introduction of the system of contracted responsibilities on the household basis, sum up experiences, and improve methods so that we will be able to effectively control the natural growth of population.

The work in aspects such as culture, sports, art, newsreporting, publication, radio, television, libraries, museums, and cultural centers must also accord with the new situation so as to make new progress.

#### (8) Uphold the Open-Door Policy and Import Technology in a Big Way

It is a short cut for the province in displaying the advantages of its resources and quickening the development of its economy to take active measures to cooperate in economic and technological matters and import advanced technology and management experiences of other provinces in the country and other countries. Science and technology are developing rapidly in the world today and therefore we can in no way keep ourselves behind closed door; we must base ourselves on developing the economy of Yunnan Province, exploiting Southwest China in a big way, and realizing the general goal of the party, so as to emancipate our minds, broaden our vision, face the whole country and the whole world, and spare no effort to import new technology and new equipment from other provinces and countries. In order to speed up the development of Southwest China, on the basis of the opinions of leading comrades from the CPC Central Committee, a conference on economic coordination of four provinces and one city was recently held in Guiyang. We must take this opportunity and carry out coordination through various levels, channels, and forms with fraternal provinces and cities so as to promote the realization of the modernization program. The following measures are imperative in speeding up imports of technology. First, measures must be promptly taken to import the new technology needed by the province that will bring considerable economic results. Efforts should be made to import a number of items from other countries this year. Second, fraternal provinces and cities are welcome to set up factories in Yunnan Province and hold sale exhibitions and various academic seminars. The forces of the departments concerned in the province must be organized so as to fully display the roles of experts, scholars, and public figures in such aspects as foreign affairs, tourism, overseas Chinese affairs, and nationality affairs.

It is also imperative to strengthen contacts with other provinces and other countries, utilize various channels, and provide active and preferential conditions in our effort to attract capital and technology from other places of the country and other countries to carry out developmental production in the province in such aspects as forestry, animal husbandry, fisheries, nonferrous metal, coal, electricity, and phosphate ore. Third, display the advantages of the products of the province. We must strive to increase the quantity and improve the quality of such products as tobacco, sugar, tea, rubber, medicinal herbs, spices, nonferrous metal, and phosphorus products so that these products will be able to enter markets in other provinces and the international market. The coordination departments and a number of related offices in the province must strive to play their roles in providing information and coordination. All prefectures, counties, departments, enterprises must be encouraged to boldly carry out economic and technological coordination so that they will be able in a matter of 1 to 2 years to coordinate with coastal cities and other advanced provinces and regions in 1,000 to 2,000 items. Fourth, the province must spare no effort to eliminate the situation in which counties, districts, and departments are blockading each other. They must carry out economic coordination and exchanges through various forms in aspects such as talents, technology, equipment, capital, products, and management experiences. We must combine the technology of such places as Kunming, Yuxi, Gujing, and Dali with the rich resources of border regions and hilly regions so as to form a coordinated production network, rapidly form new productive forces, and enable each to fully display its advantages. The province, prefectures, and counties must consider this work as representing a strategic measure for changing backward science and technology and creating a new situation for importing technology.

The border regions, minority-nationality regions, and hilly regions in the hinterland in the province abound in natural resources, and have an important geographic position. Therefore, to speed up the development of economy and culture in these places is very important for promoting common prosperity of the people of various nationalities, strengthening the unity of various nationalities, consolidating border defense of the motherland and developing the economy of the whole province. We must persist in the principle of self-reliance and hard work, rely on concerted efforts of the people of various nationalities, and get rid of poverty and backwardness at the earlier possible time with the support of the state. In implementing policy, it is imperative to pay attention to specific features of border regions, minority-nationality regions, and hilly regions in the hinterland, avoid doing everything in the same way irrespective of circumstances, and be able to take measures that are more flexible than those in hinterland and plain areas. We must continue to adopt effective measures such as having relevant departments support each other, and supporting border regions with brain power, economic coordination, and technological transfers so as to help these regions develop production, tap resources, vigorously develop the economy, and make the people of various nationalities become rich at the earliest possible time.

#### (9) Improve Government Work and Change the Style of Leadership

Following the reforms of government organs last year, the provincial government held its first (enlarged) session, to mainly study how to improve the style of government work. This conference issued "The Main Tasks and Functions of Government Departments (Experimental Draft)" and "Provisional Regulations on Improving the Work Style of Government Organs, Perfecting Work Systems, and Improving Work Efficiency." The various offices, bureaus, committees, autonomous prefectures, cities and counties have also defined certain systems and they have made achievements in improving the style of their work. But this is just the beginning, and this work must be continued. Therefore it is necessary that first, the provincial government departments must be politically united with the central authorities, debate matters of importance, understand the whole situation, do a good job of handling their own business, and change their style of work. All these must be considered as important contents of party rectification and must therefore be done effectively. Second, government organs must conscientiously implement the job responsibility system. The provincial government has appointed the labor and personnel bureau to draft a provisional method for forming a job responsibility system with fixed staff, and this responsibility system will be implemented when it has been approved by the government's second plenary session. It is demanded that all government departments and staff have definite responsibilities, so that they will be able to combine their powers with responsibilities and interests and overcome the bad style of work characterized by various forms of irresponsibility. Third, government departments must introduce a leadership responsibility system. The division of responsibilities must be carried out and strictly checked. Those who have carried out their responsibilities well must be commended, those less effective must be criticized, while those who have failed to carry out their duties and consequently caused serious losses must be properly punished. Certain leading members must have definite responsibilities for key construction projects and they must be assigned definite tasks that have to be completed in a set time with a definite quality, and all these will be subject to stringent checking. Fourth, leaders of the provincial government and departments must spend about 3 months annually carrying out investigations in the grassroot levels. Fifth, simplify meetings and reduce the number of documents. Leading cadres must change their method of guiding work by relying totally on holding meetings, and change the idea that "the more documents issued, the more achievements in work." Provincial and department leading cadres must strictly control meetings and documents and spare no effort to improve efficiency. The practice of arbitrarily holding meetings and issuing documents must be seriously criticized. The provincial government and departments must clarify all the questions left over by the meetings and the documents that have been held and issued since this year, study the situation, and take the necessary measures to resolve the problem of "excessive meetings and documents." Sixth, the method of carrying out work on the spot must be encouraged. In particular, it is necessary to organize the departments concerned to study and resolve on the spot the problems that have not been resolved for a long time, so as to solve them right there. Seventh, keep close contact with the masses of the people, be concerned for their life, and do a good job of handling letters and receiving visitors.

Delegates!

To strengthen ideological and political work and build a high degree of spiritual civilization represent a basic guarantee for us in developing socialist material civilization. Of course, the new situation of arduous tasks on the economic front and open-door policy demand new and higher levels in ideological and political work. We must persist in the principle of building spiritual civilization and material civilization at the same time and combine ideological and political work with economic work, to be carried out by all sectors. We must adopt methods welcomed by the masses to widely carry out education in patriotism, socialism, and collectivism so as to spur the enthusiasm of the masses of various nationalities in building socialism. We must follow the principle of "all depends on human effort, it is important to persist, bring about further improvement, and pay attention to efficiency" and promote the campaign of "five stresses, four beauties and three loves" to a higher stage so that this practice will be regularized and systematized to become a socialist habit that will be carried out by the people of the whole province from generation to generation with excellent results. The departments at various levels must allocate a certain amount of money each year for adding cultural and health facilities so as to promote the building of spiritual civilization. To form civilized units represents a basic form and content of the campaign of "five stresses, four beauties and three loves" as well as an effective method for building spiritual civilization in government levels. Therefore these activities must be carried out on a broader basis. All armymen and civilians, public security men and civilians, workers and peasants, cadres and the masses, and factories and neighborhoods must turn themselves into civilized units. We must rely on the concerted effort of the whole province to build more civilized towns, factories and mines and neighborhoods and five-good families, so as to get rid of the situation of "dirty, disorderly and backward." We must make still greater achievements in improving service quality, forming good order and creating beautiful environment.

We must further strengthen the building of democracy and legal system. We must democratize and systematize socialist law so as to fully ensure the right of the people of various nationalities as masters of the country. It is imperative to [word indistinct] the constitution and various laws and decrees various forms on the basis of reality so that each citizen will be able to foster the concept of the legal system, foster the good habit of abiding by law, and be able to learn how to use the power of law to fight criminal activities. It is imperative to strengthen legislative work in economy. The government economic departments and leaders of economic organizations must be able to adopt legal means in managing economic activities and protecting socialist economic order. The work of labor reform and labor education and of notaries and attorneys must be strengthened. It is also imperative to continue to take strict measures to crack down on criminals in the economic sector and those who endanger social security. And the measures against such criminal activities must be coordinated with other measures to maintain social order. It is necessary to form and popularize a security responsibility system. Efforts must be made to form and popularize a security responsibility system, coupled with rules and regulations for rural areas, population, factories and shops. Measures must be taken to

mobilize and rely on various forces in society to oppose corruption by the decadent ideology of exploiting classes resolutely protect the legal rights of women and children, be concerned with the growth of young people, and do a good [job] of helping and educating those who have made mistakes. We must also base ourselves on the new situation that has emerged following the implementation of open-door policy and the division between government and people's communes in rural areas, and continue to build and perfect public security organizations in grassroot levels and coordinating organizations. We must also do a good job of preventing crimes so that criminal cases and particularly vicious cases can be drastically cut down, to create a safe environment for the production and life of the people and the realization of the modernization program.

Yunnan Province is located in the southwestern border of the motherland, and therefore the tasks of the province in defending the land of the country and fighting against the sabotage of enemy agents are protracted and arduous. Consequently, to strengthen the unity between the army and government, between the army and the people, and between the people of various nationalities in the province represents a reliable guarantee for protecting border defense and building the border regions. We must resolutely and unremittingly support the PLA units stationed in the province and the people's armed public security forces in their effort to build themselves into revolutionized, modernized, and regularized forces. We must help the army in solving their difficulties and do a good job of arranging for and helping retired armymen, members of revolutionary martyrs' families, armymen's dependents, and disabled armymen. The building of the militia must be strengthened so that militiamen will be able to play their roles in defending the motherland, supporting the army, taking part in battles in the forefront, and in realizing modernization program. We must keep vigilance and closely coordinate with the army so as to resolutely repulse enemy intrusions, defend the sacred land of the country, and guarantee that the modernization program will be carried out smoothly.

Delegates!

It has long been the desire of the people of various nationalities in the province to promote the economy of Yunnan Province and turn poverty into richness at the earliest possible time. The 12th CPC National Congress has opened up the broad road for the people to become rich and for the country to become powerful, and a flourishing and vivid situation has emerged across the country. The situation in the country is encouraging and also pressing. We must have a sense of urgency and consciously unify our thinking on the general goal, general task, and general policy of the CPC. We must closely rely on the industrious labor, daring spirit, and wisdom of the 30 million people of various nationalities in the province, display the creative spirit of self-reliance and hard work, unite, work hard for prosperity, boldly carry out reform, make progress, and carry out our various tasks in a down-to-earth way in our effort to fulfill and overfulfill the Sixth 5-Year Plan of the province this year!

CSO: 4006/574

PROVINCIAL WORK REPORTS

LI RUIHUAN'S TIANJIN GOVERNMENT WORK REPORT

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[The government work report delivered by Li Ruihuan, mayor of Tianjin Municipality, at the second session of the 10th Municipal People's Congress on 2 April 1984: "Arouse Initiative and Accelerate the Pace of Creating a New Situation"]

[Text] Fellow deputies:

With the approval of the Standing Committee of the municipal people's congress, we have made some reforms in this session's government work report. The mayor will first report on principles and then the deputy mayors will each speak on the work of the various fronts. Our purpose is to let deputies understand the guiding ideology and basic tasks of the municipal government work, the specific situation, and the work arrangements in all fields. On behalf of the municipal people's government, I now deliver a work report to the session for discussion.

1. Clearly Understand the Situation and Accept New Challenge

Implementation of the guiding principles of the 12th Party Congress and the comprehensive creation of a new situation in socialist modernization began in 1983. With intimate concerns of the party Central Committee and the State Council, under the leadership of the municipal CPC committee, in accordance with the guidelines of the resolutions of the 1st session of the 10th municipal people's congress, and through concerted efforts of the people of the whole municipality, work in all aspects and on all fronts made gratifying progress in creating a new situation. One of the best situations ever known in the municipality emerged.

The economy continued to develop steadily in the course of readjustment. Achievements in industrial production exceeded expectations. Last year the total industrial output value of the municipality was 22.92 billion yuan, an 8.2-percent increase over the previous year, exceeding the year's plan, which called for ensuring a 5-percent increase and for striving for a 6-percent increase, and setting a record as compared with the past 3 years. Improvements in varying degrees were registered in a number of major economic and technical indices. Since the beginning of this year, a better tendency in industrial output has

emerged. In the first quarter of this year, the total industrial output value of the municipality was 5.906 billion yuan, fulfilling the annual plan by 24.6 percent, an increase of 12.5 percent over the corresponding period of last year. Industrial enterprises handed over 333.06 million yuan of profits, fulfilling 22.91 percent of the annual plan and showing an increase of 22.25 percent over the corresponding period of last year. The output volume of 70 of 100 principal products increased as compared to that of the corresponding period of last year. A large number of products in short supply and key products increased by a large margin. The plans for communications and transport were overfulfilled and remarkable achievements in dredging the harbor were made. We further implemented the party's rural policies and the initiative of the peasants was greatly aroused. Last year the agricultural front still reaped good harvests despite 4 successive years of drought. The agricultural output value of the municipality reached 2.287 billion yuan, an increase of 8.4 percent over the previous year. The output of grain reached 2.22 billion jin, declining from the previous year. The total output of cotton was 227,000 dan, a 1.5-fold increase over the previous year, and setting a record. Great development was made in the output of a diversified economy and nonstaple food. New improvements were made in the commodity production rate. This year, since implementing the CPC Central Committee's No 1 document of 1984, the broad masses of the peasants have become filled with confidence and have unfolded a new upsurge in spring sowing so as to reap bumper agricultural harvests. Last year we completed a total of 2.184 billion yuan in investment in capital construction, a 12.6-percent increase over the previous year and a new record. Relatively fast progress on key projects was made. A large number of large construction projects, including diverting Luan He water to Tianjin, constructing an open wharf in Tianjin Harbor and the expansion of Dagang oilfield, were completed on or ahead of schedule. Business in internal trade markets was brisk. Prices were basically stable. There was some expansion in commodity circulation. As compared with the previous year, the value of procurement of commerce increased 8.7 percent and the value of marketing of commerce increased 10.2 percent. In foreign trade, despite fairly large changes and sharp competition in the international market, the municipality procured 2.94 billion yuan of commodities for export, an increase of 6 percent over 1982, earned \$1.43 billion from exports through ports, a small increase over 1982, and reduced the stockpile of export commodities. The municipality overfulfilled by 2.7 percent its annual revenue plan.

New changes took place in the city appearance. Last year, new achievements were scored in the reconstruction of buildings damaged by the earthquake with the emphasis on housing construction and city management. New urban residential houses totaled 3.52 million square meters, exceeding the annual target of 3.5 million square meters. In the renovation and construction of the Xiqingdao No 1 Street, land requisition, house dismantlement, construction and installation of auxiliary facilities were completed and the people were enabled to move to new houses in the same year. In this way, a new trail was blazed in the renovation of old urban districts. The construction of Haihe Park and the fountain in the central square, together with the garden-type greening in Hongqiao District, created new experiences in beautifying the urban environment. Thanks to the

construction of the Daguangming Bridge and other bridges and the widening of some roads, traffic congestion was eased to a certain extent. City appearance and sanitation, environmental protection, public services, urban management, house management and other works were also improved and strengthened. The living standards of the people in urban and rural areas showed further improvement. In line with the state's stipulations, the wages of enterprise staff members and workers were readjusted last year, and the municipal government's 10 fields of work aimed at improving the people's living standards and the 10 tasks concerning the people's lives in winter were fulfilled, enabling the people to receive real benefits. Peasants' income continued to rise and their food, clothes, houses and daily necessities improved. The urban and rural people's savings deposits totaled 1.667 billion yuan by the end of last year, a 33-percent increase over the previous year. In the New Year and Spring Festival periods of this year, market supply was generally better than in previous years, cultural and recreation activities were colorful, and urban and rural areas were permeated with a jubilant atmosphere.

New development was achieved in educational, scientific, and cultural undertakings. Primary education became universal in both urban and rural areas and in rural areas, school-age children's school enrollment, attendance, and graduation rates exceeded the state-stipulated requirements. There were changes in secondary educational structure and great developments in urban and rural vocational middle schools. Higher education was readjusted and reformed in accordance with the needs in the national economic and social development. Departments of urgently needed specialties and new specialties were added and the municipal vocational college and the branch of the municipal financial and trading institute were established. Substantial increases were registered in the numbers of enrollment and students, including postgraduate students, at colleges and universities. Sparetine education developed rapidly with workers schools, workers secondary vocational school increasing to 537 and workers universities and television universities to 54. Results were achieved in a group of scientific research. Last year, 2,128 scientific research projects were completed, 1,238 projects passed technical assessments, and 131 projects were awarded. This was conducive to the development of production and the improvement of economic results. China's first experimental three-level optical fiber telecommunications line has been put into trial operation in our municipality. Industrial enterprises carried out extensive technical cooperation with colleges and universities, scientific research units and military industrial departments of our municipality and other provinces and municipalities, signed contracts on 398 projects, of which some have been completed, and invited more than 100 experts and professors to serve as technical advisers. Philosophical and social scientific research further invigorated. Theoretical workers coordinated with practical work departments in conducting investigations and research on the important tasks for the four modernizations. They played a very good role. Through experiments, we have recently upgraded our understanding of relying on science and technology to conduct economic construction, centering science and technology on economic construction, respecting knowledge, and putting the functions of intellectuals to full use. New achievements were made in literature and art, press and publication, radio and television, public health, physical education, tourism, planned parenthood, and so on.

Reform of the economic system is continuing steadily. According to the state plan and regulations, we carried out the first step in the work of substituting tax payment for delivery of profits. In accordance with the principle of linking bonuses with profit, we reformed the system of giving bonuses. While generally carrying out and perfecting the agricultural production responsibility system, the municipality developed a large number of specialized and key households, integrated economic operations, and set up some agricultural-industrial-commercial and livestock-industrial-commercial joint ventures. With the spirit of rationally arranging various sectors of the economy, the municipality developed a group of new collective and individual enterprises in urban areas. With regard to a commercial circulation system, the textile trade has conducted pilot work in combining production with marketing. Some units have directly engaged in producing and marketing vegetables, eggs, and principal nonstaple foods on a trial basis. A group of retail shops have changed the one-shift system to a two-shift system. Rural supply and marketing cooperatives have conducted initial reforms. In capital construction, the municipality generally carried out various forms of contract systems, such as the system of contracting budget quota plusing coefficient [yu suan ding e jia xi shu bao gan 7315 4615 1353 7345 0502 0190 2422 0545 0049], system of contracting on per cubic meter and square meter construction prices, and the system of contracting but a project in a big way. [as printed] Enterprises have carried out various forms of profit-retaining systems and contract responsibility systems. Various trades, departments, and regions have economically and technically cooperated with each other. Through reforms, the initiative of enterprises and the masses has been aroused. Besides, the municipality conducted reforms on a trial basis in the fields of labor, wages, banking, commodity prices, science and technology, education, literature, and art. Good starts have been made in future system reforms.

The political situation is more stable with more unity. There has been a further turn for the better in social mood and order. In line with the decisions to deal serious blows to criminal activities by the party Central Committee and the Standing Committee of the National People's Congress, the municipality arrested a group of criminals, eliminated a gang of criminals, cancelled the urban residence registrations of some criminals, and severely and rapidly punished a number of criminals who had committed very grave crimes and refused to repent according to law. The work of tackling criminal activities in a comprehensive manner has been enhanced further. The arrogance of evildoers weakened. There was a big drop in the crime rate in all categories. The masses have heightened their sense of safety and more and more people now dare to struggle against bad people and evil deeds. A marked turn for the better in social order has taken place. In socialist spiritual civilization, the municipality enthusiastically and extensively expanded the Nenjiang Road experience of armymen and civilians cooperatively building civilized streets, generally conducted the activity of "armymen and civilians cooperatively building civilizations," set up a group of civilized units, and extensively and deeply conducted education in "five-stress, four-beauty, and three-ardent-love." A good turn has been made in cadres' workstyle and social practice, especially since the 2d Plenum of the 12th Party Congress set forth a resolution on comprehensively conducting party rectification and a resolution on opposing

spiritual pollution through studying the document on party rectification, correcting mistakes in the course of rectification, and correcting mistakes before rectification. This year, we further generally and solidly conducted the "all people civility and courtesy month" campaign. At present, the spiritual appearance of the people across the municipality has become new. Good people and good deeds continuously emerge. The patriotic spirit, communist ideology, and new morality are carried forward with each passing day.

As mentioned above, our Tianjin has emerged prosperous and with excellent economic, political, and cultural situation just like the entire nation. This situation was the result of the concerted efforts of workers, peasants, intellectuals, patriotic personages of various circles, and the masses of cadres throughout the municipality. I extend high respects to the comrades of all fronts of the municipality on behalf of the municipal people's government! The great PLA actively protected and participated in our municipality's socialist construction and made tremendous contributions benefiting the people and building the new Tianjin, fully performing their function as the pillar of the people's democratic dictatorship and a new force in the four modernizations. I avail myself of this opportunity to express the heartfelt gratitude to them on behalf of the people of the municipality!

While fully affirming our achievements, we also deeply felt that there were many flaws in the municipal government's work of the past year and that the work in some fields which should have been completed remained undone. Our country is now in a great historical course. The rapidly developing situation and increasingly emerging things and problems pose higher demands on our work. Under such a situation, our tasks are very arduous and challenges very rigid. We should remain clear-headed about this.

As one of the country's important industrial cities, Tianjin has a fairly substantial material foundation and technical forces. Over the past few years, the CPC Central Committee and the State Council have given us great support in order to help us rebuild after the earthquake, develop production, and improve the people's living standards. It is only natural for Tianjin to make greater contributions to the four modernizations of the country. However, our work has not been good enough and our contributions to the state have been very few. When we consider Tianjin's position and our responsibilities, we cannot but feel the heavy burden.

Many other provinces, municipalities, and areas are developing economic construction in giant strides. Our industrial growth last year was the best in the past few years but was still lower than the national average of 10.2 percent. Some of our economic and technical targets were lower than Shanghai as well as other cities and areas. Few of our industrial products were of high quality, our pace in developing new products was slow, and thus many of our products were squeezed out of markets we had occupied. Some of our technologies are being equaled or surpassed and we have already lost or are losing our advantages. In our agriculture, which developed on the outskirts of a large city, our per-mu grain yield was not high and our diversified undertakings did not progress quickly enough. Facing nationwide development, we cannot but feel great pressure.

Since the 3d Plenary Session of the 11th CPC Central Committee, tremendous changes have taken place in the rural economic situation. With increased income and purchasing power, peasants have set forth many new demands on production and living standards. Our industry, however, is unable to meet the needs in this new situation due to a lack of earnest study of the rural market in past years. If we do not solve it as quickly as possible, this problem will no doubt directly affect the peasants' living standards and the rural economy and then the development of industry and even the national economy as a whole. As this is a matter concerning the overall situation, Tianjin, as a big industrial city, cannot but feel a heavy responsibility.

Emphasizing the processing industry, Tianjin's industry has long relied on low-priced raw materials and energy and high-priced manufactured goods to maintain its profit rate. In the course of national economic readjustment over the past few years, prices of energy and raw materials increased and those of some manufactured goods fell. This situation will continue for a fairly long period of time. Many of our enterprises, however, have backward technology, outmoded equipment, poor ability in management and in handling emergencies, and low economic efficiency. They are unable to shoulder the burden brought about by such a change. If they do not adopt effective measures to improve their quality as soon as possible, some enterprises will find it difficult to exist, not to mention to achieve some development. This poses a serious threat to us.

The new technological revolution that is developing in the world, such as the development of the microcomputer industry, biological engineering, optical fiber telecommunications, and new materials and, on this basis, that of the aeronautics and oceanographic industries, is changing the features of science and technology and exerting a great influence on social economic development. Many of our comrades are not mentally prepared for such a new situation. If we do not adopt timely and corresponding measures to catch up, we will lose the opportunity and lag still farther behind developed nations. This creates pressure that we can feel.

Fellow deputies, we have reviewed the new situations in our work of 1983 and have analyzed the current new tasks. They constitute the overall situation we are facing. The new tasks have indeed brought many new difficulties to our work, and in many fields there are new situations we have never met before. If we do not take the difficulties seriously and exert great efforts to solve them, we will be unable to advance continuously. We should also note, however, that these are difficulties in our course of advance and that their appearance tells precisely that our undertakings are developing. To us, they mean both pressure and an impetus, both a challenge and an opportunity. To understand and fulfill the new tasks is itself to open up and develop a new situation. We should also see that we are provided with very favorable conditions for fulfilling these new tasks. The party's line, principles, and policies adopted since the 3d Plenary Session of the 11th CPC Central Committee are totally correct. The masses of cadres and people in Tianjin, who have political consciousness, work drive, and ability, can surmount difficulties and work miracles under the party's leadership. Through the work over the past year,

our cadres and people have been further tested and tempered, have created some beneficial experiences, and have accumulated certain material forces for a continuous advance. This shows our ability to accept the new challenge. The ancients said: "To have wisdom is good, but to take advantage of the situation is better still." We should clearly understand the situation, seize the opportunity, advance on the crest of victories and make new progress in all fields of work in the new year.

## 2. Create a New Situation in All Fields of Work and Accelerate the Pace of Advance

The year 1984 is the first year in which we started the overall party rectification and is the key year for us to fulfill the "Sixth 5-Year" Plan and prepare for the "Seventh 5-Year" Plan. We should unwaveringly implement the guidelines of the 12th NPC, carry out the resolutions of the fourth municipal party congress, speed up our pace in creating a new situation in the municipality's socialist modernization, and make new contributions to bringing about a fundamental turn for the better in the state's financial and economic situation, social conduct, and party style.

The CPC Central Committee's call for creating a new situation in all fields of socialist modernization includes all the content and work of building the material and the spiritual civilizations. Industrial, agricultural, communications, capital construction, financial, trading, and banking departments as well as educational, scientific, theoretical, cultural, public health, sports, political and legal and militia departments, and all the comrades of these departments should shoulder the responsibility for and make contributions to the opening of a new situation. As organic component parts of the socialist construction, all trades and professions and all fronts are related to, restricted by, relied on, and affected by one another. The work of any one of them will affect others and even the whole situation. For this reason, every one of us should take part in the opening of a new situation and our slogan is "Everyone should contribute to creating a new situation."

Undertaking the creation of a new situation in work is great and arduous. The idea that a new situation can be easily created without brains, putting in a lot of hard work, and paying the prices, and that allows persons who have scored little achievement in this regard to be complacent over their success without making further progress is the manifestation of a deep lack of understanding of the task of creating a new situation in work and of simplifying the task. On the contrary, the idea of regarding the task of creating a new situation in work as mysterious and unapproachable and persons who regard the task as having nothing to do with them, but being undertaken only by the leaders and experts are also wrong. The situation as a whole can often be created through concerted efforts exerted by many units and a large number of the masses over a period of time and the situation can give rise to a change from quantity to quality changes. Each unit that integrates its work with the party's general target and task, that has scored marked achievements in work, that has turned itself from the backward to the advanced, and that has dealt with the contradictions along its progressive road can be regarded as creating

a new work situation. Each person who has successfully fulfilled his duty in order to realize the party's general target and his unit's concrete tasks, or who has conducted some innovation and made a breakthrough in work, can be regarded as making contributions to creating a new situation. In this sense, each unit or comrade is able to develop his ability to the fullest in the course of creating a new situation and to upgrade his work to a new level.

To accelerate the pace of creating a new situation in an overall way, various industries, trades, departments, and units should work out plans for the task, find out where they lag behind, set up demands to learn from or catch up with the advanced, make up their minds to be better than before, make work improvements daily, and make work progress year after year. Judging from the overall municipal situation, we should not only have an overall plan, but also should enable every front to map out concrete arrangements. We should not only formulate a long-term plan, but also should map out one for a specific or short-term period. We should not only do a good job in generally conducting various work in creating a new situation, but should also concentrate on successfully grasping the work emphasis that can affect the situation as a whole in line with the reality so as to develop the great undertaking of creating a new situation on a grand and spectacular scale in a down-to-earth manner and with one zenith following another. On this ideological basis and in line with the opinions offered by various social circles, the municipal people's government put forward the following as aspects to which we should pay attention in making a breakthrough in development according to the results of repeated discussions and studies:

1) We should create a new situation in increasing economic returns.

Our municipality has increased its economic returns somewhat year after year thanks to concerted efforts exerted over the past few years. However, progress in this regard has not been rapid. The fulfillment of each annual revenue task has been carried out through much effort and under a difficult situation. Whether or not we can increase economic returns not only reflects the work level of various fields, but also affects the scale and speed of various construction undertakings. In order to create a new situation in an overall way in the municipal program of building socialist modernization, we must achieve a new situation in increasing economic returns. To this end, we should have correct and clear ideas, make up our minds, strengthen our work, and accelerate the pace in this regard.

In line with the actual municipal situation, we should achieve greater development in increasing economic returns in the following four aspects: 1. A good job should be done in conducting ideological remolding. Various economic work should concentrate on increasing economic returns and should regard the work as a major yardstick in measuring the achievements scored by economic departments and enterprises at all levels. 2. It is necessary to upgrade the quality of enterprises' business, management, technology, and personnel so as to turn enterprises from production oriented to production and management oriented and so as to upgrade their capability to accept the challenge of changes and competition. 3. It is necessary to enable the products of enterprises

to meet the demands of society, to win brisk sales through fine quality, to produce products suitable for market demands, and to sell whole commodities that have been turned out by enterprises. 4. It is necessary to reduce labor and material waste as much as possible so as to enable major economic and technical targets to meet the demands of state plans and to increase the number as much as possible of enterprises that are able to achieve simultaneous progress in output, taxes, and profits handed over to the state. By achieving development in these four aspects we can leap over an important step in the economy and lay a foundation to realize the good circle of economic construction.

In order to achieve the above-mentioned goals, we should be determined to carry out readjustment. We should change the long-standing idea of seeking complete branches of industry and, in line with market demands and industrial characteristics, step up planning of trades and readjust, reorganize, and transform according to trades. We should increase the number of enterprises like companies, make arrangements for more economic and reasonable production in line with the principle of specialized cooperation, earnestly solve the problem of enterprises becoming "all-embracing" no matter how large or how small they are, and gradually rationalize the organizational structure of enterprises. We should conscientiously readjust product mix; cut the production of overstocked goods and increase the stock of goods in short supply; "cut the appendix," resolutely close enterprises with high consumption, low efficiency, and no prospects for development; and stop production of money-losing, unnecessary products so that the energy, raw materials, workshops, and equipment saved can be used to produce urgently-needed products and our capacity to produce products which are in short supply can be increased. Through readjustment of trades, we should concentrate efforts on developing a group of marketable products which are of high quality, durable, needed in great quantity, and profitable. In the course of readjustment, we should also carry out inter-regional economic and technical cooperation to meet the needs of the municipality's economy.

We should put more effort into consolidation. This year, all industrial enterprises in our municipality should extensively carry out consolidation and strive to achieve the standards for the acceptance test. The high standards of consolidation should be upheld and all basic work should be done in a down-to-earth manner so as to avoid perfunctoriness and making a show. Consolidated enterprises should shift their work focus to technical progress and modernization of management. We should remarkably improve the quality and economic results of enterprises through consolidation and enable their major economic and technical targets to rise to the advanced levels in their trades. All enterprises which lose money due to poor operation should and deficits and make profits, and those which lose money due to policy should also strive to reduce their deficits.

We should exert more effort to rely on technical progress. The improvement of economic results is, in the final analysis, dependent on scientific and technical progress. We should step up the transformation of old enterprises with new technology, new techniques, new equipment, and new materials, upgrade and update products; and increase their competitive edges. In order to strengthen leadership over technical transformation and change the situation of multiple leadership, decentralized efforts, incoordination, and low efficiency, the

municipal government established a technical transformation leading group early this year to coordinate technical transformation, technology import, the import of talented people, China-foreign joint business, readjustment and reorganization, and capital construction. Thanks to its efforts in coordinating the higher and lower levels over the past 2 months and more, it has rather thoroughly sorted out the projects under construction; solved a great number of long-standing, big, and difficult problems; decided on the key technical transformation projects for departments at the municipal and bureau levels; clarified construction conditions; established the responsibility system; improved work methods; and simplified work procedures; thus remarkably improving the municipality's technical transformation work. The municipal government will continue its efforts and strive to put into order this important work which has a bearing on Tianjin's economic future so that it will develop soundly. In the meantime, it will complete and put into operation key technical transformation projects ahead of schedule so as to provide favorable conditions for a revenue increase this year and next year. While attending to technical transformation, we should conduct joint scientific and technical research; greatly develop new products; and do a good job in assimilating, applying, and innovating imported technologies so as to satisfy the needs of economic construction. At the same time, we should implement the "principle of internationalization" persistently; continue to expand our technical cooperation with colleges and universities, scientific research units, and the commission of science, technology, and industry for national defense; and extensively apply scientific research findings to production.

We should enliven commodity circulation and make an issue of it. Only through circulation links can the products of enterprises be changed into commodities and can their value and utilization value be realized. If we only grasp production and neglect commodity circulation, it will be difficult to carry out social production smoothly. Raising economic results will be also out of the question. Therefore, we should organize and connect the production and circulation spheres well. The industrial departments should pay attention to markets; strengthen operations, marketing, and the supply of market information; and organize production [word indistinct] according to social needs. The commercial, foreign trade, and supply departments should expand circulation channels vigorously; support and promote industrial production; integrate supply, production, marketing and transportation; smooth commodity circulation; and change the advantages of products into that of commodities and the advantages of commodities into economic results.

2) We should vigorously develop rural commodity production in the suburban counties. Tianjin's suburban counties and rural areas are situated near large cities with favorable conditions for developing commodity production. With clear principles, correct policies, and effective leadership, our agricultural productive forces and the rural commodity economy will certainly develop rapidly in the course of serving the cities, and our countryside will also become prosperous more rapidly. The 1984 document No 1 of the CPC Central Committee points out: The emphasis of this year's rural work should be on improving productive forces, clearing the circulation channels and bringing them into a better balance, and developing commodity production on the basis of stabilizing

and improving the responsibility system. This directive completely conforms with Tianjin's actual situation. Therefore, we should conscientiously implement it so as to develop the already-created new situation in our municipality's rural areas.

This year, we should further develop agriculture, forestry, animal husbandry, sideline occupations, and fishery in the suburban counties, and attach prime importance to nonstaple food production to serve cities. We should not be satisfied with the annual total vegetable market supply. While ensuring supplies of popular vegetables, we should balance vegetable market supplies, expand the production of high-grade vegetable varieties, and improve supplies. The production and market supplies of meat, eggs, poultry, milk, fish, and fruits should be increased by a large margin. We should not slacken our efforts in grain production and should strive to increase production on the basis of raising the per-unit area yield. New development should be made in township industries, and marked improvements should be made in the commodity rate of total agricultural production.

We should further consolidate and improve the agricultural production responsibility system. Beginning this year, the land contract period of all expired and valid contracted land should be generally extended to over 15 years at the request of the masses. We should encourage peasants to invest more in their land, improve soil fertility, and raise output. Meanwhile, we should further ease policy restrictions, and adopt all forms of the contract systems in forestry, animal husbandry, sideline occupations, fishery, and other undertakings. Our municipality has much wasteland, barren hills, water areas, seashores, and beaches which have not been fully used. We should call on and organize peasants to sign developmental contracts. The contract period of such land may be extended to a much longer period and policies should be adopted to encourage peasants to develop the land. On the basis of not changing the contract contents arbitrarily, peasants may contract or transfer their land to other people. They should be encouraged to contract their lands to farming experts. Persons with specialized skills should be encouraged to expand contracts on specialized production, promote division of work and trades, and expedite the development of commodity production.

Specialized and key households are new things emerging in the course of implementing the contract responsibility system. They are important to the development of commodity production. We should persist in protecting, supporting, and helping them expand the business scope, and raise economic results and should rely on them to develop a group of specialized villages which will produce products with high commodity value. Meanwhile, we should encourage the development of the various forms of economic integration which combine technology, manpower, funds, and natural resources together so that rural collectives and individuals will give full play to their advantages and expertise to promote the development of commodity production.

We should do our utmost to clear the circulation channels and successfully offer communications, information, and scientific and technical and other services. The most important work for the present is to accelerate the reform

of commercial departments, particularly supply and marketing cooperatives, establish a network to give pre- and post-production service, and turn supply and marketing cooperatives into cooperative commercial units collectively owned by peasants and into rural comprehensive service centers. We should also actively develop collectively- and individually-owned commercial units in order to offer more convenience for peasants to purchase and market. Credit cooperatives should also carry out reform and truly become cooperative monetary organizations of the masses which follow the state monetary policy to handle deposits and loans independently and which support commodity production with funds. Agricultural scientific and technical workers should take an active part in planning for commodity production, go to rural areas frequently to teach scientific and technical know-how, give guidance to peasants on scientific way of farming and breeding, and help them produce more needed farm and sideline products with less labor and material consumption. Communications, transportation, and postal and telecommunications departments should improve their work, tap potential, and make due contributions to the development of rural commodity production.

We should vigorously develop township industries. Emphasis should be placed on animal feed industry, food industry, farm and sideline produce processing, traditional handicraft industry, and the building material industry so that they can supplement and coordinate with the industries in the big city. Processing industries with farm and sideline produce as the raw materials, such as the processing of food and vegetables, which are not suitable for urban areas to develop should be gradually transferred to rural areas. The production of some labor-intensive products of large industrial enterprises, that of the spare parts of some products, and that of export products suitable for rural areas to produce should also be transferred to rural areas in a planned manner. The development of township industries should be geared to urban areas, large-scale industries, export and rural production and livelihood, and the lines of production should be decided according to specific local resources, technical forces, equipment, and market so as to avoid blind development and waste. At present, we should readjust and consolidate existing enterprises, establish and perfect the multiforms of the responsibility system, improve management, adopt suitable technology, and increase economic returns. Planning, industrial, and agricultural departments should cooperate in formulating the overall plans for township industries, link the plans with those for different trades of city industries, and see to it that urban and rural areas and various suburban counties supplement and coordinate with each other. Township industrial enterprises should be encouraged to invest their after-tax profits in planting and breeding industries and to adopt corresponding measures to ensure the continuous increase in the income of those engaged in farming, commerce, and manual labor so that the production of vegetables, nonstaple foods, and grain can be guaranteed.

3) We should concentrate efforts to ensure key construction projects. In order to fulfill the grand objective of quadrupling annual industrial and agricultural output value by the end of this century, increase backbone forces for Tianjin's economy, and improve the function of the city, we should focus our manpower, material, and financial sources on the building of key projects at a quicker

pace. We should earnestly do a good job in preconstruction preparation, carefully organize forces for the construction, ensure the quality, save as much funds as possible, and strive to shorten construction periods.

We should seize time to promote energy construction, especially power construction. The exploitation and construction of the Degang and Bohai oilfields should be accelerated. Preparation should be stepped up for the expansion of the 400,000-kilowatt Junliangcheng powerplant, which was approved by the state, and efforts should be made to begin the project at an early date. We should also step up the study of the feasibility of the 600,000-kilowatt expansion project of the Dagang powerplant and strive to include it in the state plan at an early date. The transformation of the No 1 Powerplant has already started. We should concentrate efforts and strive to complete it as soon as possible. The construction of the Tianjin Chemical Industrial Plant, the Dagu Chemical Industrial Plant, and other small thermal power stations should also be accelerated.

Transportation and postal telecommunications are also a weak link of our municipality in construction. We must accelerate the progress of construction in this regard. We should actively do a good job in preparing for the state project of building the Jing-Jin-Tang Highway, for which our municipality is assuming the majority of construction work. We should vigorously carry out the construction of extending the Li-Gang railroad so as to gradually reach Tanggu District. We should also accelerate the progress of building the Beihuan railroad. To ease the strained harbor situation, we should vigorously conduct the surveying and design work of the state project of building the second sluice gate along the Haihe River and should strive to start building the project so as to complete the construction before the flooding season of 1985 and to open the lower reaches of the river to navigation. We should further expand the scale of building the Tianjin Harbor and should accelerate the progress of building the three piers for container ships. The municipal people's government has employed the Japanese experts of Osaka Harbor to help us successfully conduct harbor construction and management. We should exert our efforts to ensure the smooth progress of the work undertaken by the Japanese experts. We should accelerate the construction of postal telecommunications and complete building the four telephone branch offices within this year and the installation of 25,000 new telephone lines.

We should do a good job in realistically grasping the construction of the key projects of urban basic facilities. We should ensure the accomplishment of building the Jizhuangzi sewage disposal plant before "1 May" Labor Day this year. We should strive to complete the building of the Xijiao gas plant by the end of this year and should put it into operation as well. We should do a good job in preparing for the first stage construction of the Dongjiao coking gas plant and should strive to start building the plant within this year. We should vigorously carry out the feasibility study of building a gas plant beside the Jiyu colliery and should map out a construction plan as soon as possible. A good job should be done in vigorously working out a plan for developing terrestrial heat and in completing the project diverting the Kuanhe River water to Tangu District within the year.

We should also step up our work of introducing such foreign technology for the construction of the large industrial projects as casing pipe, small types of vehicles, and kinescopy, and should ensure the progress of preparations for the first stage construction and of carrying out design and operation plans.

To strengthen leadership over the construction of key projects, the municipal people's government has reorganized the former command post for the construction of the water-diversion project into the administrative department in charge of the construction of key projects throughout the municipality. The central authorities recently approved and relayed the experiences gained in diverting the Luanhe River water to Tianjin Municipality. This is the crystallization of builders' wisdom, sweat, and blood and the summing-up of experiences gained by the municipal capital construction front over the past many years. Tianjin Municipality should do a good job first in applying the experiences because it grew out of the municipality. By taking the project of diverting the Luanhe River water to Tianjin as an example, we should create first-grade work by using great ideas beneficial to the people by using strong organizational leadership, a scientific attitude of seeking truth from facts, a spirit of boldly making progress in technical innovation, a lofty morale of unity and coordination, by using a speedy and vigorous workstyle in undertakings, and we should ensure the accomplishment of building the key projects in a rapid, better, and more economical way.

4) We should upgrade the construction of both urban and rural areas to a new level.

Over the past few years, our municipality has made great progress in building urban and rural areas and in conducting urban management, which has played a good role in improving urban appearance and the people's livelihood, in upgrading the guiding function of urban areas, and in accelerating economic development and the program of building spiritual civilization. However, our municipality is still lower than the advanced cities in the progress level because of our former weak foundation and heavy deficits left over from past years. The urban area is the center of the economy, policies and the people's spiritual life. The situation prevailing in urban development represents the hallmark of modernized level and the epitome of building material and spiritual civilizations in a country and region. Therefore, in the entire course of construction in 1984 or in the days to come, we should always consider the work of conducting urban and rural construction land management as a big event and should earnestly do a good job in carrying out the work.

This year, our municipality's urban construction front is facing a new situation in which there are heavy tasks, complicated projects, high demands, and pressing needs. The annual total capital construction investment is fairly large because we have to carry out not only new construction projects but also have to repair old ones. The new construction projects also include industrial projects, projects for public and civilian use, and technical transformation projects of outdated enterprises. Many projects were decided rather late but their demands were pressing. The municipal government's decisions on rebuilding 20 streets

and repairing 5 roads are our new tasks in the course of reforming the old city. We are now facing many difficult problems which we must tackle. We should make new progress in building villages and towns in the suburban counties this year. Our task will be very arduous because it includes devising plans, improving village and town appearances, and repairing and building highways. The broad masses of cadres and the people on our urban and rural construction front should fully understand the complexity and arduousness of this year's construction tasks, realize their own important status and historical missions, correctly treat the current situation, be brave and good at approaching difficult problems, and do a better job on the basis of their own experience.

We should do a good job in planning and designing. The urban construction plans, good or bad, will affect the appearance of the whole city and the future construction and development. We should have a comprehensive developmental viewpoint and should not only pay attention to the part at the expense of the whole, and to the immediate interests at the expense of long-term ones. The planning departments should be brave in upholding principles and in bearing responsibility for urban construction and for the later generations. All units should strictly enforce plans and support the work of the planning departments. In designing, we should integrate the suitability of buildings with their artistic decorations, and their utility with their appearance. We should exert efforts to make the designs of buildings to match with the street appearance, properly handle the relations between new buildings with old ones, and enable all new buildings to add radiance to the city. They should not impair the excellence of the city's appearance. We should organize and give full play to the role of the designing force of universities, construction units, housing administrative departments, and the central designing units stationed in Tianjin. We should organize specialists to make joint checkups on important project designs so as to raise the designing levels realistically.

We should do a good job in construction projects. The greatest beneficial result of capital construction projects is to shorten the construction cycle. We should exert utmost efforts to solve the current problems of long construction cycle, large appropriations and wastes of funds, and great consumption of materials and national power, which will affect the economic development. This year, we should discontinue a number of "useless projects." On the basis of guaranteeing quality, construction departments should cooperate with the designing units to reduce the project construction [word indistinct]. We should improve the quality of enterprises' construction ranks, raise the level of mechanization, industrialization and factory-like business, and strive to be civilized in management and construction.

We should do a good job in city management and continue to strengthen propaganda and education on the importance of city management work. Each and every comrade and unit should approach this work from the high plane of building the spiritual civilization, and paying attention to interests of the majority and the dignity of the state and the nation, strive to contribute to beautifying the city, oppose the wrong way of paying attention to one's convenience at the expense of damaging

city environment and appearance, and improve environmental protection, city sanitation, gardening and greening, urban administration and facilities, and public housing administration. This year's housing administrative work will be very arduous. Therefore, we should make unified arrangements for housing distribution, management, repair, and exchanges and strive to make new progress and breakthroughs in this regard. Urban management is a major and new matter of the city and it merits the attention of society. We should mobilize all the people to participate in the management work, and form laws and regulations in the course practice so as to regularize this work. Districts and streets are the key links of city management. They played an active part in city management in the past. In the future, we should do a better job in city management on the basis of our achievements, and push forward the district and street management work. Rural areas should draw lessons from the city and attend to planning and management work as soon as possible.

We should strengthen our service work. The work of the urban and rural construction front deals with a wide range of the society and directly affects the production, work, and livelihood of various industries, trades, and households. It is imperative to enhance the sense of serving the society and consumers, to improve workstyle, to carry out work reform, to reform systems, and to simplify procedures so as to make things convenient for the society and consumers. Meanwhile, various units concerned should actively support the work of the urban and rural construction front and should unite with the front to better build urban and rural areas and to better conduct urban and rural management throughout the municipality by carrying out mutual cooperation and service.

5) We should make a greater stride in enforcing the open-door policy.

Under the guidance of the central authorities' principle of "opening up to the outside world and enlivening the domestic economy," our municipality has made many attempts and achieved a little development in foreign trade over the past few years, which has played an active role in upgrading technical standard, successfully conducting enterprises' technical renovations, increasing variety of new products, training technicians, and in improving enterprise management. However, generally speaking, the stride of our municipality in this regard is not big enough. As compared with our fraternal provinces and cities, our municipality still has a big gap in line with the demands set forth by the central authorities and with the position and conditions of the municipality. The current major problem is that we still have the leftist influence and also have not totally emancipated our minds. Some comrades still lack full understanding of the long-term importance of utilizing foreign investments, introducing foreign technology, and opening joint-venture business. This has brought about adverse influence to national industries, such as excess passive consideration for the policy, which has incurred the practice of sticking to conventions in thinking and workstyle and the lackage of spirit to boldly conduct exploration and engage in practice. If we fail to deal with these problems, achieving rapid development in foreign trade and economic exchanges will be hindered. The CPC Central Committee recently pointed out that establishing special economic zones and enforcing the open-door policy do not mean to impose

on more restrictions, but to give greater autonomy to enterprises. Meanwhile, the central authorities decided to adopt certain special policies in the coastal cities so as to further accelerate the pace of enforcing the open-door policy. This is a very important policy decision. Therefore, we must clearly discern the situation cropping up in policy enforcement, catch up with the central authorities' arrangements, and push forward our work in a timely manner.

Tianjin Municipality is an old, coastal industrial base and an important harbor of northern China. It has a large number of favorable conditions for enforcing the open-door policy, which can be summarized as follows: 1. It has a large harbor and a transportation system of railways, highways, and inland rivers, which is connected with the harbor. Being beside the vast land of Tianjin and Beijing municipalities and the northern China plain, the harbor is relatively rich in economic strength and has great latent power. 2. Tianjin Municipality is rich in natural resources, such as petroleum, gas, salt, coal, and terrestrial heat. 3. The municipality has a relatively good industrial foundation and scientific research forces, such as 29 higher learning institutions, more than 100 scientific research and designation institutes and academies, and more than 200 secondary technical schools. Over the past few years, the municipality has also obtained some experiences and trained a large number of experts in conducting economic and technical exchanges with foreign countries. 4. The municipality is endowed with more than 130 km of coastal line and 40 km of river banks. The municipal coastal areas cover more than 300,000 mu of saline-alkali land and more than 300,000 mu of sludge land, which are very precious conditions for developing large industrial cities. After building the project diverting the Luanhe River water to Tianjin, the municipality has had the full source of fresh water. Over the past few years, the municipality has also made a new breakthrough in fully utilizing sea water for industrial purposes. Particularly over the past 2 years, the central authorities have given the municipality greater autonomy in introducing foreign investments and technology. Only by fully utilizing these favorable conditions will we certainly be able to create an absolutely new situation in the work of conducting economic exchanges and trade with foreign countries.

We must resolutely shift our external trade in accordance with economic results. This year our export task is very arduous. In line with the needs of the international market, industrial departments must strive to improve product quality, increase variety, develop new products, increase output of products that sell well and bring in a lot of foreign exchange, vigorously cut production costs, and strengthen our international competitiveness. Foreign trade departments must pay close attention to studying the international market, do a good job in feeding information to the industrial departments, and improve their skill in sales. They should further promote the processing of imported parts, materials, and samples for foreign customers; promote compensation trade and other flexible trade forms; and strive to export more things not covered by the plan. At the same time, we should make big decisions and adopt effective measures to consolidate enterprises, to improve management and operations, vigorously reduce overstocks, and cut expenses in circulation. Through the close cooperation and concerted efforts of industrial and foreign trade departments, foreign trade should see remarkably improved economic results, laying a good foundation for the future development.

We must strengthen technological import work. The whole municipality must concentrate import technology on producing some chosen competitive products and make preferential disposition of manpower and material and financial resources to turn import technology into a productive force as soon as possible. We should concentrate on importing some software, advanced and appropriate technology, and key equipment. We should make preparatory projects and adopt a method of "undertaking the projects one after another," engaging in projects one by one. We should conscientiously do a good job in previous preparatory work, raise work efficiency and accelerate the circulation of funds.

We must make a breakthrough in the use of foreign investment. We should open up channels and adopt various forms of foreign investment, cooperative investment, cooperative production, and compensation trade to absorb more foreign investments. Jointly-owned enterprises should take flexible measures to grasp investments, not stick to one pattern, or serve the municipality. We must run technology- and knowledge-intensive jointly-owned enterprises as well as labor intensive ones that are conducive to export development. In short, we should strive to substantially increase the amount of useful foreign investment this year. In order to attain this goal, we must speed the construction of infrastructure facilities that serve our efforts to open up to the world, gradually formulate special local laws, and create an excellent investment environment.

5) We should push the construction of socialist spiritual civilization to a new stage.

In the past few years, we persisted in attending to the two civilizations and scored marked achievements. However, the construction of socialist spiritual civilization was comparatively weak and we have a series of practical problems that need solving. In building socialist spiritual civilization this year, we should combine party rectification with opposing spiritual pollution, strengthen ideological and political education, achieve a turn for the better in social practice, do some practical work that embodies spiritual civilization, deeply upgrade people's awareness about spiritual civilization, further solve the problems of the two civilizations promoting each other, and conscientiously and successfully push the construction of socialist spiritual civilization to a new stage.

In strengthening spiritual civilization, we should integrate ideological and political education with practical work in various fields and successfully educate the masses with patriotic, collective, socialist, and communist ideas. We should overcome the phenomenon of spiritual civilization being separated from material civilization and political work from economic work like "two layers of skin," and in the new situation, we should blaze a trail in the work concerning interpersonal relationships, include ideological education in the specific work of economic and cultural construction, and lead the people to remold their subjective world while changing the objective world. We should combine the building of spiritual civilization with party rectification and, on the principle of conducting rectification and correction of mistakes

simultaneously and correcting mistakes before rectification, conscientiously solve a number of problems about which the masses are concerned, forge closer ties between the party and the masses, improve the people's conduct with improved party style, and establish fine moral character and habits in the whole society. Ideological construction should be linked with cultural and environmental construction and public welfare facilities so that the masses can be educated when they participate in these activities, enhance their ideological consciousness, and display their vigor in promoting production and other work. In this year's "all-people civility and courtesy month," the municipal government decided to complete 10 tasks focusing on ending "dirtiness, disorder, and impoliteness" and making arrangements for this year's urban and rural construction and the people's lives. In warm response to the calls, the people throughout the municipality have actively plunged into the activities to dredge and harness Weijin He, improve five major streets, and plant trees. In particular, there were many moving deeds in the activities to raise funds. A great amount of funds was raised within a short period of time and also a good habit of showing concern for the growth of young people was established in the whole society, enabling the young to receive a profound education. We should combine the activities of building civilized units with those of becoming civilized persons and doing civilized work, foster and publicize advanced models, advocate quality service on a large scale and in a well-organized manner, establish fine order, create a beautiful environment, and further change "dirtiness, disorder, and impoliteness" which still exist in some fields so as to consolidate and develop the fruits of the "all-people civility and courtesy month," regularize, and systemize the "five-stress, four-beauty, and three-ardent-love" activities and make them a good habit of the people which can last long and yield good results. We should combine the activities for enriching the people's spiritual life with those for resisting spiritual pollution, promoting theoretical study and literary and art creation, filling all fronts with healthy and varied intellectual products which have strong artistic power and which the masses like, and enabling the masses to mold their souls, enhancing their understanding and increasing their ability to distinguish and resist spiritual pollution in their health, vivid, and colorful recreational and sports activities. Literary and art workers should intensify their study of Marxism in the great historical period to create a new situation, go into the thick of the life of struggle, complete the literary and art creation and performance of plans for this year and for the 35th anniversary of the founding of the PRC, and provide more and better spiritual foods to the people of the municipality.

Education is an important and integral part of the socialist spiritual civilization, and a strategic key point of socialist modernization. All trades and professions should pay close attention to it, strengthen the exploitation and training of talented people and promote the municipality's education as quickly as possible. In defining the goals for our educational development, we should follow the guiding ideology of gearing education to the needs of economic construction and social development and to the modernization of the world and the future and raising the people's scientific and educational standards. We should further reform the educational structure and systems, improve

curriculum and teaching methods, adapt education to the needs of the four modernizations construction, and continue to train more qualified personnel. We should exert strenuous efforts to improve the quality of education comprehensively, develop the moral, intellectual and physical qualities; give consideration to both key and regular schools; provide qualified freshmen for institutions of higher learning; and train qualified reserved labor forces. We should rely on the strength of society to run schools, encourage enterprises and units to increase investment in intellectuals, urge the rural areas to run schools with their own funds, support mass organizations to use their wisdom to engage in intellectual development, tap the potential of all quarters, resort to different ways and forms to expand regular education, develop part-time educational courses, and vigorously train competent persons for the four modernizations construction.

One of the important purposes of spiritual civilization is to promote a turn for the better in social order and habits, while building spiritual civilization, we should attend to ideological education, eliminate old habits and foster new ones, grasp social order, and bring order out of chaos. To achieve this, we should unswervingly implement the principle of "dealing heavy and prompt blows to criminals and catching the whole gang in one scoop," continue to deal strict blows to all criminal activities and economic offenses, have a good grasp of policies, and adopt effective measures to eradicate criminals. Great attention should be paid to publicizing the great significance of dealing strict blows to criminal offenses, the social effects and the good persons and deeds emerging in the struggle, and encourage the broad masses of people to struggle against criminals resolutely. At the same time, we should coordinate the work of the political, economic, administrative, law, educational, and social spheres; adopt various methods to tackle problems comprehensively from departments themselves to society and from urban to rural areas; and strengthen guidance, mediation, prevention and redemption. In the course of comprehensively tackling problems, we should attend to strengthening youth education. As to erring youths and those who have committed minor crimes, we should guide them according to circumstances and attend to transforming them ideologically so as to enable the broad masses of youths to become competent persons for the four modernizations construction, and to become a socialist new generation.

The above four spheres of work are the main tasks which our municipal people's government is striving to achieve this year. We are convinced that a good job in these spheres will enable us to create a new situation in the municipality's modernization construction undertakings, and to lay a firmer foundation for advancing towards the "Seventh 5-Year" target.

### 3. Sum Up Experience and Learn How to Blaze New Trails in the Course of Creating a New Situation

Over the past few years, we have deeply understood through practice that there are no ready methods for creating a new situation. We should not stay at home to cudgel our brains to evolve an idea. We should study, explore, and sum up experiences continuously through practice, and should learn how to blaze new trails in the course of creating a situation.

First, we should have the revolutionary spirit of being brave in forging ahead.

Reviewing our municipality's work of the past few years, we realize why we could fulfill some tasks which seemed difficult and could not fulfill or delayed some easy ones which we could do better. We also realize why some plants have developed rapidly and raised economic results continuously and why other plants with similar conditions have remained stagnant and slipped back. The thinking of leading cadres is the main reason for the difference. Even with strong working ability and favorable objective conditions, they cannot display their power because of their inert spirit. A host of facts proves that in order to create a new situation, leaders must have a high spirit and good thinking. Presently, we should solve the following problems well.

First, attention should be paid to the issue of whether or not we want to create a new situation. To fulfill the party's grand target, a large number of comrades have never been content with their achievements by wholeheartedly and industriously studying about creating a new situation, and have displayed their high political consciousness and strong revolutionary ambitions. On the contrary, some comrades think only of personal affairs in mind and could care less about creating a new situation. If we leave such practice unchecked, how can we create a new work situation?

Second, attention should be paid to the issue of whether or not we need to create a new situation and whether or not we acknowledge that the old situation needs to be improved. The reason why a large number of comrades have continuously scored achievements in creating a new situation is that they know well that the old situation needs to be improved. They acknowledge that it is very possible for a large number of formerly advanced and applicable matters to become backward through the development of objective things and to become an obstruction on the progressive road. Therefore, they uphold the principle of conducting transformations and concentrate on conducting transformations. Some comrades also do not oppose conducting transformations, however, they exert all out efforts to safeguard the old situation under the leftist influence by saying that the former system is noted, that their work achievement is gratifying, and that the old situation needs no improvement. These comrades even openly deny the necessity of improving the old situation. How can we rely on them to create a new situation?

Third, attention should be paid to the issue whether or not we dare to create a new situation. The reason why a large number of comrades have created a new situation is that they know well that it is absolutely possible for them to encounter many contradictions and obstructions in creating a new situation because of the work being aimed at, probing new things and conducting transformations among old things. They contend that it is very possible for them to commit various mistakes and to encounter a large number of accusations because of lack of experience. Therefore, they have been able to unswervingly pioneer the road to advance by displaying revolutionary courage, fearing no difficulty, and by not losing their will in spite of accusations. On the contrary, some comrades also want to create a new situation and have harbored many ideas.

However, they fear so many things, such as difficulty, failure, opposition, and damage to their reputation and position. This fear has adversely affected the full play of their capability and has made them lose so many favorable opportunities.

Fourth, attention should be paid to the issue of whether or not we can exert allout efforts to create a new situation. Creating a new situation means waging a struggle of transforming the objective world. If we fail to engage in arduous labor, to traverse over arduous roads, to pay the great price, and to work hard and in a down-to-earth manner and if we launch with words the drive of creating a new situation, we will not only be unable to create a new situation, but also unable to maintain the existing one.

Of course, there is still the other issue of whether or not we are competent in creating a new situation. Those who are fully competent in this regard will not be able to create a new situation if they do not want to create the situation subjectively, feel no need to create the situation, dare not and are unwilling to create the situation, and never go into action in creating the situation. As a matter of fact, the ability to create a new situation can be obtained only through practice.

Creating a new situation in an overall way is a common undertaking engaged in by the millions upon millions of people. Efforts should be made to arouse the vast number of people to heighten their spirit. The responsibility of the leaders is to bring into the fullest play the enthusiasm of the people. Generally speaking, each person has his strong or weak points and the advanced are no exception. We should exploit their strong points and avoid their weak points and should use their strong points to make up for their shortcomings. We should refrain from suppressing persons by stressing their weak points and shortcomings. We should deal with the problems of the past in line with the principle set forth by Comrade Deng Xiaoping in regard to handling the problems of the past in a rough manner and refraining from getting entangled so as to unite as one in looking forward. Workers, peasants, and intellectuals are the main force of the four modernizations. We must rely on them to create a new situation. At present we should pay special attention to carrying into play the functions of intellectuals and resolutely oppose the wrong tendency of despising knowledgeable and talented persons. We should implement and persist in the party's policies, strengthen ideological and political work, create a tendency of competing with one another to make progress and to become a hero and press forward in the work of creating a new situation.

Second, we must link our job with the general goal.

The practices of the past few years repeatedly proved: Only when we link the specific work of units and departments with the general goal of the four modernizations can we have clear orientation and strength to create a new situation, give importance to our daily and specific work, widen our field of vision, be open-minded, and increase our methods and wisdom. If we only stress the general goal and tasks or do not do our duty well, if we are divorced

from the general goal and tasks or unilaterally stress our departments' characters, and if we do not combine the specific work with the general goal and tasks, we will certainly fail to do a good job in our own work and in obeying and serving the party's general goal will become empty talk.

In our country, the people's job and the general goal, departmental work, and overall work have the same orientation. The party's general goal and tasks represent the basic interests of the people. Departmental work and people's work duty are organic components of the realization of the general goal and tasks. We can completely combine these together. One of the reasons for rapid and successful completion of the project for diverting Luan He water to Tianjin is that all construction units linked their specific tasks with the development of Tianjin and the four modernizations and deeply educated the constructors in the great idea of "diverting Luan He water to Tianjin to bring benefits to mankind, to win honors for the motherland, and to contribute to the four modernizations." So they greatly showed their initiative, enthusiasm and creativeness. It is also one of the important reasons for completing other construction undertakings and work in a distinguished manner.

It is also a fine tradition of our party to link the trade and department with the overall situation and to mobilize the people to do their duty well and to realize the general goal. During wartime, the elder generation of revolutionaries were not afraid of bloodshed and dedicated themselves because they had a fighting goal to liberate the whole of China. The slogan of "basing in our work duty and having the whole country in view," advocated during postliberation period, once vigorously mobilized the enthusiasm of the people for building socialism. But during the 10 years of internal turmoil, the Lin Biao and Jiang Qing counterrevolutionary cliques usurped party power in the name of realizing a far-reaching political goal. The broad masses of the people endured untold sufferings and some people were disgusted with the propaganda of the far-reaching goal. After smashing the "gang of four," many units weakened their ideological and political work to attend to economic construction and we failed to solve the problem of some people not having a clear understanding about the far-reaching goal and overall situation because we lacked experience in conducting ideological education under the new situation. The 12th Party Congress clearly pointed out that our socialist modernization included material and spiritual civilizations, and our spiritual civilization must center on communist ideology. If we do not link our duty with the strategic goal in the course of practice or conduct education in communist ideology, we will not be able to upgrade people's ideological awareness or to conduct the construction of spiritual civilization well, or the construction of material civilization will be affected.

The tasks of leading persons are to successfully integrate the party's line, principles, and policies with the specific conditions of their own units; combine the undertakings of the whole party with their individual work; and turn their work into an organic component part of the effort to fulfill the strategic objective. These are important indicators of their leadership level and work performance. Therefore, all departments and all cadres should attach

importance of the study and education of the party's general goal, coordinate the administrative and professional work principles of the departments and units they are leading with the general goal, voluntarily subordinate themselves to and serve the general goal, be proficient in their proficient in their professional work, achieve good results in their work, and be able to "discuss the major affairs, understand the overall situation, and manage their own fields of work."

Third, we should proceed from reality in doing everything.

Seeking truth from facts and proceeding from reality in doing everything are the quintessence of Marxism, the key to the creation of a new situation.

In defining the goals and tasks for creating a new situation, we should proceed from reality and make them high but attainable as the fruits on the trees which "can be picked when we jump up" instead of making them too high to accomplish. For this reason, we should go to reality to conduct investigations; study earnestly and carefully; formulate meticulous and specific plans for implementation according to the nature, scope, and duties of these tasks; make good arrangements for manpower, material, and financial resources; and mobilize the people mentally according to their thinking so that every person who is entrusted with certain responsibility knows the significance of his work, the methods, and the steps.

In carrying out these goals and tasks, we should often go to reality, understand in a timely manner the new situations cropping up in the course of practice, and readjust our original plans according to them so that our plans will be realistic. As the current situation is developing rapidly and favorable factors and conditions keep on emerging, we should all the more judge the hour and size up the situation, make decisions, and take advantage of the situation to advance.

Proceeding from reality in doing everything is in keeping with implementing the instructions of the central authorities and higher levels. We should conscientiously study every instruction of the central authorities, thoroughly understand its essence, and resolutely implement it. However, in carrying it out, we should bear in mind the actual conditions of our localities, work out specific methods for implementation, and do our work creatively. If we neglect local conditions in a specific time, fail to study and solve practical problems, and automatically copy and transmit whatever instructions the higher authorities give, we actually violate the principles of the central authorities and will fail in our work even though we superficially appear to have resolutely implemented the principles and policies of the central authorities. Therefore, we should advocate respect for actual conditions in whatever we do, such as implementing the guidelines of the central authorities, applying the knowledge we learn from books, learning from others' experiences, and applying our own experiences. We should turn this into a common practice.

Fourth, we should conduct reform in the entire course of accomplishing the four modernizations.

The central authorities have repeatedly stressed that as an important guarantee for accomplishing the four modernizations, reform should be conducted throughout the entire course of the four modernizations. When we review the municipality's work over the past few years, we can see that reform was carried out in all the work which yielded good results, had fairly great influence, and the masses were satisfied with. One of the important reasons for the fairly rapid developments of the municipality's capital construction over the past few years is that it put an end to the state monopoly, allowed rural and collective units to contract construction, and extensively enacted the multiforms of the contract system at grassroots construction units. Beginning in the second half of last year, industrial departments in our municipality have resolutely adopted the method of linking profit with bonus, thus greatly promoting production. Very good results have also been achieved in the reform of the joint radio company and the Xingang Shipyard. Practices have proven that reform and creation of a new situation supplement each other. Without reform, there will be no new situation and without the spirit of creating new situation, reform cannot be carried out persistently.

Generally speaking, our city reform work is not well coordinated and our progress in this regard is not rapid enough. Fundamentally speaking, we have failed to understand the law governing urban and industrial reform well. We should continue to explore this in the course of practice. But the most urgent task at present is to solve problems concerning the understanding of reform--recognize or not that we should continuously readjust some links in the production relations and the management system in the superstructure while developing productive forces, science, and technology, that the development of productive forces, science, and technology has no limits, and that we should carry out reforms regularly, recognize or not that many things in use are hindering us from advancing and that it will not do to fail to carry out reform or to carry out reform slowly; recognize or not that reform has the revolutionary nature or destroying the old and creating the new, that it will inevitably have twists and turns, difficulties, and struggles in the course of reform; recognize or not that to have a qualitative change in reform, we must undergo the process of a quantitative change which means to change from the individual to the general, from the part to the whole; and recognize or not that reform is a process of creating history and holding practical activities in which thousands upon thousands of people will transform the world. All these major problems must be solved in the course of reform. This year, while persisting in carrying out and improving reform which has been proved feasible through practice on the one hand, we should popularize it step by step. On the other hand, we should exert strenuous efforts to solve problems of understanding and further explore roads of advance.

We should promote all forms of enterprise contract systems. Industrial enterprises should improve and promote the after-tax contract system. Other enterprises and units may also institute different forms of contract systems according to different conditions. Practice proves that in implementing the contract system, we may fulfill our tasks down to grassroots units and lay the burdens on specific persons. The contract system itself is a responsibility system which integrates responsibilities, rights, and profits so as to arouse the

enthusiasm of the masses and units. We should gradually improve the method of linking up profits with bonuses because it enables us to integrate the interests of the state, the collective and the individual. So long as enterprises really integrate the increase or decrease of bonuses with the profits to be handed over to the state, they can break away from egalitarianism and avoid overspending funds for consumption. Based on the current forms of contract systems, we should implement the all-round contract system in capital construction investment on a trial basis, because it is good for guaranteeing quality, quickening tempo, reducing construction costs, and controlling investment scope. We should allow the countryside and the collective to contract capital construction projects. This is a big reform. Therefore, we should uphold and promote it. Generally, we should not expand the state construction ranks. We should mainly rely on the rural and collective construction teams to adjust the construction ranks. We should expedite. The work of commercializing residential houses and adopt preferential policies to encourage the individual to buy residential houses. In order to do a good job in managing the city and arranging for the people's livelihood, we should vigorously explore ways to reform the city management system and strengthen the work of districts and neighborhoods. Reform in other spheres should also be carried out on a trial basis. All in all, this year, we should carry out reform vigorously and firmly, blaze new trails in the course of reform, and create a new situation in reform.

##### 5. We should consider improving people's livelihood as an important aspect in creating a new situation.

The fundamental purpose of creating a new situation and carrying out the four modernizations construction is to seek prosperity for the state and happiness for the people. Therefore, we should improve the people's livelihood in the course of carrying out the four modernizations so that their livelihood will improve continuously along with the development of production and the increase in social wealth. Every step of the four modernizations means one step forward towards prosperity on the part of the people. One step of "modernization" means one step toward wealth. In this way, we can enable the people to obtain material benefits continuously in the course of the four modernizations and can arouse the people's enthusiasm to work for and to contribute their efforts to the four modernizations.

Over the past few years, we continuously attached importance to solving the most pressing and difficult problems in people's daily lives. We handled several affairs for the people each year, letting them gain some benefits. We did this because wholehearted seeking benefits for the people is the supreme aim of the people's government and because the broad masses faced many difficulties and troubles in their livelihood and could not concentrate on their work because of the damage done by the "gang of four" and by a serious earthquake. The facts prove: Although we did not handle many affairs and there are still many problems and difficulties in people's livelihood, people have good prospects, have more confidence in the party and the government, and have a deep understanding of the significance of the four modernizations because we have

done our best to handle their affairs. They responded so enthusiastically to the call of the party and the government, bravely overcame difficulties, and accomplished all tasks in the course of construction undertakings. In practice, showing concern over and improving the people's livelihood and trying every possible means to handle practical affairs for the people became a strong force in developing the excellent situation of the past few years.

In order to create a new situation, we must make efforts and work diligently. The advanced will certainly meet many difficulties because they do not fear hardship or fatigue, and show no consideration for personal livelihood, family problems, and the influence of old habits. Therefore, we must give them political support and take care of their livelihood so they will have a sense of honor, a feeling of warmth, and keep a vigorous revolutionary will. The broad masses should accept education, be inspired, conscientiously take them as an example, form a practice of learning from and catching up with the advanced, and be devoted to the struggle for creating a new situation.

Over the past few years, we made efforts concerning common problems in the people's livelihood, such as housing, employment, the commercial network, urban communications, medical and public health work, nurseries for babies and children, and environmental greenery. We also paid attention to solving some special problems, such as setting up family sickbeds for the aged who have difficulties in seeking medical advice; mobilizing workers', youths', and women's organizations to be "matchmakers" for unmarried men and women; and exchanging houses for those staff members and workers whose work places were far from home. These are small matters, but to those concerned, they are possibly big ones. If we conscientiously solve their difficulties, they will have feelings of being thought about by the party and the government and a touch of the superiority of socialism. The people around them will be glad and inspired with enthusiasm to promote the creation of a new situation.

It is impossible to solve all the people's livelihood problems at once because there are many debts left over by the history and because of limited state financial and material resources. On the one hand, we should clearly tell this to the masses and seek their forgiveness; on the other hand, the government and leaders at all levels must always be concerned with the well-being of the masses and do their best to handle more affairs for them. Recently, grassroots retail traders and service traders have started operating small foodshops, small bathrooms, and toilets in line with local conditions. They solved big problems for the people with a little money and were well received. Facts proved: So long as we have a spirit of doing our best to handle people's affairs and persist in the method of cooperatively handling people's affairs, many problems in the people's livelihood will possibly be solved. Over 40 years ago, Chairman Mao said that leading cadres had to work in two fields. First, they should give things to the masses and, second, they should ask the masses for things. It is impossible to achieve the latter without achieving the former. Today, we stress the creation of a new situation, but we should always remember and achieve the former work.

Sixth, we must go all out to improve workstyle.

Practice makes us deeply understand that failure in some fields of work has mainly resulted from weak workstyle and impractical measures, rather than wrong ideas. Because of the failure to tackle hard and difficult cases boldly, to handle affairs penetratingly and specifically, and to solve problems vigorously and speedily, many good tentative plans have met with the situation of "being decided in words, and implemented on paper, and effective in meetings." Our understanding of many situations is confused and incorrect, our research into many problems is not penetrating and thorough, and our work in many fields is impractical. Many comrades have had the defects of working superficially and being content with superficial understanding. In discussing problems and principles, these comrades have been accustomed to using such terms as "probably, perhaps, maybe, seems to be, and so on." As a result, many tasks have been affected, many affairs delayed, many opportunities missed, and lots of time wasted. Such a workstyle is a major enemy to our current work. If we fail to overcome this workstyle conscientiously and rapidly, we will be unable to create a new situation.

To create a new situation, we should encourage the practices of doing painstaking ideological work, learning and thinking more, asking why more whenever there is a question, and oppose the ideological idlers who give no serious thought to anything; should advocate the practices of working conscientiously, quietly immersing oneself in hard work, and oppose exaggeration and refusing to do what one has promised to do; should advocate the practice of attending to work in a penetrating, vigorous, concrete and thorough manner and oppose being content with general calls and sitting idle to discuss questions; should advocate practices of going deep to the reality of life, maintaining contacts with the masses, exercising face-to-face leadership, and solving problems on the spot and oppose giving arbitrary and impracticable directions at one's office; should advocate the practices of working vigorously and speedily, stressing efficiency, standing by one's word, and oppose shifting responsibility onto others, disputing over trifles and refusing to make decisions after long delays; and should encourage the practices of being bold in assuming responsibility, taking up and coping with hard and difficult cases, and oppose the practices of having no courage to assume responsibility, reveal contradictions, and solve practical problems.

The problem in workstyle is an extremely serious one. If we fail to solve this problem, we will achieve nothing even though our opinions are perfect and our capability is strong. As for the leadership of people's governments at all levels and various departments and units, the level of leadership will not be raised without solving the problem in workstyle. In the final analysis, the problem in workstyle is a problem of world outlook. In this new year, we should vigorously solve this problem in the course of party rectification so as to effect a remarkable improvement in our workstyle. At present, we should emphatically solve the problem of "excessive documents and meetings" and conscientiously implement the 10-point regulations stipulated by the municipal CPC committee and the people's government so as to achieve results in a short period of time.

Seventh, we must strictly implement the responsibility system.

Many facts tell us that the institution of the responsibility system is very important to creating a new situation. Because the responsibility system gives a clear division of labor with individual responsibility, most areas can raise their work efficiency, accelerate their work, and achieve better results with the implementation of the system. Without the responsibility system, even though plans have been mapped out and work stressed, many things will be missed because there is nobody to assume real responsibility. Lenin said: "Nobody assuming responsibility using the excuse of collective leadership is the most dangerous damage," and "anyway, such a situation should be solved as soon as possible." The municipal government organs should take the lead in establishing a strict personal responsibility system and clarifying boundaries of duties so as to give everyone his duty and put everything under supervision. Work in all fields and links should be assigned to each specific department and person so as to let the masses shoulder the work and to lay a solid mass foundation for creating a new situation.

The understanding of man and his mental world are not totally the same. In line with the demand of creating a new situation, we should effectively organize those who have or have not been conscious and active in creating a new situation, and who have or have not straightened out their thinking by enforcing strict responsibility systems. Thus, those who have assumed the responsibility can be restricted by organizational discipline and the work of creating a new situation can be protected administratively. Meanwhile, efforts should be made to frequently conduct guidance and inspection and to regularly carry out work appraisal so as to conduct comparison between merit and demerit and between right and wrong, to commend the advanced in order to urge the backward and the people to heighten their spirit to aim high, and to bring about a situation in which all try to overtake each other in mutual emulation.

The work of enforcing strict responsibility systems is complicated and painstaking. First, we should define duties and put forward concrete demands. Second, we should accurately set forth work quantity, conduct rational work division, and should impose duties according to ability. Third, we should set forth clear and strict principles for punishment and commendation and should commend those who have scored achievements or have been industrious and punish those who have committed mistakes or have been lazy. We should enforce responsibility systems at all levels. Not only can the higher authorities impose demands on their subordinate levels, but also leading personnel at all levels should clearly assume specific responsibility. Only by doing so can we bring about a situation in which units at all levels have assumed responsibility, have taken up tasks, have become full of power, and have supervised each other. In enforcing strict responsibility systems on a long-term basis, we should gradually create a good morals in which everyone earnestly assumes his responsibility, sets strict demands for himself, and strictly enforces orders and prohibitions.

Eighth, we must earnestly sum up our experience.

The program of building the four modernizations, which we are engaging in, is a great and unprecedented cause. There is no existing mold in building socialism that reflects the Chinese characteristics, and we will encounter a large number

of unknown areas of necessity that can be dealt with only by the millions upon millions of people who conduct repeated practice and earnestly sum up their experience. Our great people are bravely struggling for our great cause and creating brilliant achievements and rich experiences for the cause. We should organize these achievements and experience into the guidance of our practice and should write them down in the wealth of history. A large number of our successful works certainly contain some truths. Only by earnestly summing up these matters and refraining from muddling our work can we learn the essence of matters. We should make progress whenever experience has been summed up and regard experience as a guide in our practice, as well as turning the experience into the mental wealth of society. We only can find out the reason that a large number of our works are failing and frustrating--some of them have been paid for at a great price--by earnestly conducting summing-up and not muddling our work. We should grow in wit from a fall into the pit, avoid the recurrence of former mistakes, and turn the gain into the guide of success and into precious wealth.

Summing up experience is a crucial link in upgrading understanding, increasing capability, and successfully conducting work, and also is an important way of mastering the work of creating a new situation. Our comrades, particularly leading cadres at all levels, should frequently sum up their experience in a timely manner by fostering a habit of summing-up experience and increasing the ability to sum-up experience. This is the quality possessed by leaders and also is their duty. In the course of creating a new situation, if we unswervingly follow Chairman Mao's instruction to reform the objective world, our subjective world, our ability in understanding, and the relationship between the subjective and objective worlds, we will certainly be able to gradually deepen our understanding, to gradually become conscious in work, to steadily increase our capability, and to make still greater contributions to the program of building the four modernizations. Let's launch an emulation drive to create a new situation so as to find out who has summed up much experience, who has successfully summed up experience, and who has made rapid work progress by summing-up experience.

Fellow deputies:

The situation we face is excellent and the conditions of accelerating the pace of creating a new situation are good. In reviewing the past, we are extremely confident, and in viewing the future, we are full of pride and enthusiasm. Only by emancipating our mind, heightening our spirit, uniting as one, and advancing hand in hand will we certainly be able to create a new situation and to fulfill the new target. Let's bravely advance along the broad road on which we are creating a new situation in an overall way and greet the 35th anniversary of the PRC's founding with our outstanding achievements.

CSO: 4006/575

ECONOMIC DEVELOPMENT ZONES

BRIEFS

POLICIES FOR COASTAL CITIES--Beijing, June 11 (XINHUA)--Special policies will be followed in the fourteen Chinese coastal cities recently opened to foreign investment, Ma Yi, vice-minister of the State Economic Commission said here today. Speaking at the opening of the China-Australia senior executive forum, Ma said greater decisionmaking powers would be given to Shanghai, Tianjin, Dalian, Qinhuangdao, Yantai, Qingdao, Lianyungang, Nantong, Ningbo, Wenzhou, Fuzhou, Guangzhou, Zhangjiang and Beihai. Foreign entrepreneurs would be encouraged to operate independent businesses or bring in their most advanced technology for ventures with Chinese firms. Some of their products could be sold on China's domestic market, he said. Some of the open cities will establish economic and technological development zones for joint ventures, co-management and foreign-managed enterprises. Imports of equipment and infrastructure construction materials will be exempted from duties and taxes before 1990, and the state will provide long-term, low interest loans, he added. Enterprises in the zones will also be exempt from profit delivery quotas in their five years of operation. The opening of the fourteen cities was a major government policy decision, and would provide greater impetus for developing Sino-foreign business cooperation, Ma said. [Text] [OW111410 Beijing XINHUA in English 1330 GMT 11 Jun 84]

CSO: 4020/139

## ECONOMIC PLANNING

### LEI YU ON DEVELOPMENT OF HAINAN ISLAND

HK130328 Beijing JINGJI RIBAO in Chinese 24 May 84 p 2

[Report by Chen Mao [7115 6290] and Shen Zhihui [3088 6620 7627]: "Hainan Island Will Become One of the Prosperous Areas in the World"]

[Text]. In a recent interview, Lei Yu, director of Hainan Commissioner's Office in Guangdong, told our reporters about suggestions for accelerating the pace of developing and constructing Hainan.

Comrade Lei Yu said: Hainan Island abounds in oil deposits. Located in the waters off Hainan Island, the two major oilfields in Beibowan and Yinggehai, which form part of the three major oilfields in the South China Sea, have produced high-yield oil and gas fields. Hainan Island not only has oil deposits at sea but also on shore. Several small wells in Qiongbei have started producing oil. Once we can grasp the work at the most opportune moment and further give play to the advantages of Hainan Island, it is absolutely possible to build the island into an economically developed and more prosperous area in the world in the next two decades.

On other potential development and advantages of Hainan Island, Lei Yu added: First, the island has great potential in land development. More than 12 million mu of land on the island has yet to be developed. The 38 million mu of reclaimed land now has a low per-unit-area yield and still has great potential in this respect. Second, the weather is good for developing tropical and subtropical cash crops which have high economic value, such as rubber, sugar cane, pineapple, coffee, cocoa, and pepper. Third, the island also abounds in other natural resources in addition to oil and natural gas. It has been discovered that the island has more than 30 kinds of extractable minerals, such as iron, tin as well as such rare metal as titanium and uranium. It has 78,000 square nautical miles of fishing grounds and 380,000 mu of beaches. Together with 520,000 mu of fresh water surface on the island, we can develop sea water and fresh water aquaculture and fisheries. Millions of mu of pasture also opens up bright prospects for the development of animal husbandry. Fourth, the island has many historical relics which help us to develop tourism. Fifth, Hainan is a homeland of Chinese nationals living abroad. About 1.7 million natives of the island are living abroad and in Hong Kong and Macao. They will make more contributions for the construction of Hainan Island.

Also, Lei Yu frankly revealed a variety of difficulties when developing and constructing Hainan. The major one is that it has insufficient funds, poor basic facilities, shortages in qualified personnel, and is not opened wide enough to the outside world.

Lei Yu held: In connection with the actual conditions on Hainan Island, if we strive to achieve the goal in the next two decades, we must first carry out four changes in the area of guiding ideology: First, we must switch from purely grasping agriculture to grasping both industry and agriculture; second, we must switch from only providing primary raw materials to grasping the process of production up to processing; third, we must switch from only paying attention to the investment in material production to attaching more importance to the investment in intellectual resources; and fourth, we must switch from operating a closed economy to an open economy.

Lei Yu expressed: In order to develop and construct the island, Hainan needs huge funds. However, the financial resources of the state is presently inadequate. Thus, we must first depend on a policy to import and utilize actively more foreign funds. Second, we must depend on natural resources. Third, we must depend on technology and try our best to narrow the gap between us and the world's advanced countries through the importation of technology. Fourth, we must depend on qualified personnel and solve as soon as possible the shortage problem in qualified personnel.

Also, Lei Yu introduced to our reporters the basic content of Hainan Island's general development plan. He said: In connection with the geographical condition of natural resources as well as the historical conditions on the island, Hainan is divided into six divisions according to the economic plan. They are Haikou, Sanya, Basuo, Yangpu, Qinglan, and Tongza. Each of these divisions has their own focal point of development and construction in connection with their natural conditions. Of them, the Haikou, Sanya, Basuo, and Qinglan divisions which are located in the east, west, south, and north of the island depend on harbors and enliven the economies of nearby counties. In order to implement the above plan, Hainan Island plans to establish an unified development and construction company, which will take the overall responsibility of developing and constructing the island and the six divisions. Thus, we can really separate government administration from enterprise management and run the company as an economic entity which has its centralized responsibility, rights, and interests.

CSO: 4006/575

ECONOMIC PLANNING

COMMENTARY URGES BOOST FOR SMALL TOWNS

OW051021 Beijing XINHUA in English 0902 GMT 5 Jun 84

[Text] Beijing, June 5 (XINHUA)--The construction of small towns must be speeded up to keep pace with the rapid growth of China's commodity economy, the PEOPLE'S DAILY says in a commentary today. The 'small towns' include satellite towns, industrial and mining areas, county seats and rural towns, the commentary says. "What must be done now is to accelerate the growth of county seats and towns where urban and rural areas join," it notes.

China now has more than 2,000 county towns, 1,100 townships, and 54,000 seats of township and commune governments. "Situated all over the countryside, these small towns are vital to the growth of both urban and rural economies and the attainment of China's modernization program," the commentary says.

In developed areas, small towns have become regional economic, cultural and technological centers. However, most are still far from prosperous, it notes. Small towns serve urban industries by storing, transporting, and processing farm and sideline products. They also help gear local output to the rural processing industry, absorb surplus labor and enrich the cultural life of China's 800 million peasants, it adds. The development of the small towns, the paper notes, is of far-reaching significance as it helps narrow gradually the gaps between town and country, industry and agriculture, physical and mental labor. Development of the small towns calls for expansion of the cooperative sector to aid self-employed workers and mobilize local initiative, according to the PEOPLE'S DAILY.

All policies which hamper the towns' ability to keep up with country's current economic reforms should be readjusted, the commentary says. Under regulations issued by the party Central Committee and the State Council, peasants are now allowed to do business in small towns and cities, it adds.

CSO: 4020/140

## AGGREGATE ECONOMIC DATA

### COMMUNIQUE ON 1983 TIANJIN ECONOMIC DEVELOPMENT

SK130610 Tianjin TIANJIN RIBAO in Chinese 13 Apr 84 p 2

[Tianjin Municipal Statistical Bureau's Communique on Fulfillment of 1983 Economic and Social Development Plan]

[Text] Under the leadership of the municipal CPC committee and the government, the people in Tianjin continued to implement the principle of readjustment, restructuring, reorganization and upgrading in 1983. The national economy began to embark on the path of raising economic results. Production increased steadily, the market was brisk and the people's livelihood improved continuously. New progress was made in urban construction and new achievements were scored in the various undertakings, including science, education, culture, public health, sports, press, broadcasting, and publication. The annual total industrial and agricultural output value reached 25.207 billion yuan (calculated in terms of 1980 constant prices), an increase of 8.2 percent over the previous year. The local financial revenue was 3.881 billion yuan, an increase of 2.7 percent over the budget, a small increase over the previous year.

#### 1. Industry

The 1983 industrial production continued to increase steadily in the course of readjustment. The municipality's total industrial output value reached 22.92 billion yuan, an increase of 8.2 percent over the previous year, exceeding the planned target of achieving a 5-percent increase.

The output plans of 77 out of the municipality's 100 major industrial products were fulfilled or overfulfilled. The output of 76 products increased over the previous year. The total light industrial output value in 1983 was 12.997 billion yuan, an increase of 6.5 percent over the previous year. Of this, the food industry increased 4.7 percent, the household machinery industry increased 10.9 percent, the household electronic industry increased 33.3 percent, and the textile industry increased 7.4 percent. Many light and industrial enterprises organized production, readjusted the product structure and produced brand-name and marketable products in line with market needs. The quality of products improved remarkably and the product design and varieties increased continuously. The light and industrial bureaus succeeded in trial producing 29,915 new product designs and put 17,406 into production.

The output of major light and industrial products follows:

Name of product	1983	Percentage increase over 1982
Chemical fibers	22,864 tons	24.7
Yard (blended)	119,500 tons	3.9
Cloth (blended)	468 million meters	2.2
Woolen goods	9.01 million meters	3.6
Bicycles	4,488,100	15.4
Sewing machines	838,300	21.3
Watches	3,513,400	17.1
Television sets	436,200	20.8
Cassette recorders	197,000	18.7
Household washing machines	82,400	-30.8
Synthetic detergents	37,000 tons	4.8
Machine-made paper and paper boards	230,400 tons	1
Crude salt	2,018,700 tons	0.9
Cigarettes	410,000 boxes	1.2

The heavy industrial production also increased in 1983 after readjusting the service orientation and on the basis of the 9.1 percent increase in 1982. The annual total heavy industrial output value reached 9.923 billion yuan, an increase of 10.5 percent over 1982. Of this, the fuel and power industry rose 6.9 percent, material industry rose 6.6 percent and machine-building industry rose 13.5 percent.

The output of major heavy industrial products follows:

Names of products	1983	Percentage increase over 1982
Crude oil	31.041 million tons	2.7
Power output	7.734 billion KWH	3.1
Steel	1,338,600 tons	7.5
Rolled steel	1,522,500 tons	2.8
Cement	826,800 tons	1.1
Plate glass	401,700 standard boxes	-28
Soda ash	461,500 tons	1.4
Caustic soda	2.127 tons	0.3
Chemical fertilizer	70,500 tons	20.5
Agricultural chemicals	36,500 tons	-47.2
Plastics	1,300 tons	18.6
Outer rubber tires	388,100	15.3
Motor vehicles	7,119	43
Tractors	7,700	-25.3

In industrial production, we began to shift our concentration to raising economic results and raised some principal economic result targets. In 1983, the per capita labor productivity of state industrial enterprises was 19,608 yuan, 5.8-percent increase over the previous year and an overfulfillment of the planned increase target by 1.8-2 percent. As compared to the previous year, 93.9 percent

of 99 principal products under the municipality management stability improved their quality. In 1983, our industrial products won 32 state golden and silver prizes, more than in the last 4 years. The energy consumption of per 10,000 yuan of industrial output value fell by 3.6 percent. Of 99 principal raw materials, fuels, and power units, 45 consumption targets fell and 33 stabilized, accounting for 78.8 percent. The circulation period of fixed working funds rose 2 percent. We scored certain achievements in turning deficits into profits. The deficits of state industrial enterprises covered by local budget fell by 40.2 percent from the previous year, and the number of money-losing enterprises fell from 55 to 28. However, the targets for some economic results were not good enough. The cost of comparable products rose slightly and the utility of fixed assets was low. Some enterprises failed to implement good management and operation, and some industrial products had poor competitiveness in quality, variety, and price and did not suit the needs of market changes.

## 2. Agriculture

In 1983, rural areas enthusiastically carried out and improved the system of contract responsibility linking payment to output and 98 percent of 17,512 production teams across the municipality carried out the system. The broad masses of peasants showed further their initiatives in production and management and the development of agricultural production tuned to specialized and commodity production. By the end of 1983, the municipality had 114,800 specialized and key households centering on commodity production and 6,798 integrated economic bodies in various categories. Despite the four successive years' drought, we still scored excellent achievements in agricultural production. In 1983, the agricultural output value was 2.287 billion yuan, an 8.4-percent increase over the previous year. Of the total agricultural output value, the cropping output value was 624 million yuan, 2-percent decline from the previous year. The value of other agricultural output ranged from 12.2-percent-to 22.2-percent increase.

As for the output of principal agricultural products, the total grain output fell. However, summer grain output increased. Cotton output showed substantial increases and the output of oil-bearing crops fell.

The output of principal agricultural products follows:

Product	1983 output	Percentage increase over 1982
Grain	2.22 billion jin	- 9.5
Summer grain	660 million jin	73
Autumn grain	1.56 billion jin	-24.7
Cotton	22.7 million jin	150
Oil-bearing crops	61.78 million jin	-30.3
Vegetables	2.561 billion jin	- 1

Forest lands continuously increased. By the end of 1983, the municipality had 477,600 mu of forest lands, a 5.8-percent increase over the corresponding 1982 period. Sapling growing acreage reached 17,300 mu, an 84-percent increase over the previous year. The municipality planted 8.10 million trees around houses, and along rivers, roads, and ditches, a 46-percent increase over the previous year.

As for the livestock output and raising of animals, by the end of 1983, the output of pork and the number of pigs and sheep in stock fell and the output of beef, mutton, milk, and poultry eggs increased.

The output of principal livestock products and the number of animals in stock follows:

<u>Product</u>	<u>1983</u>	<u>Percentage increase over 1982</u>
Mutton	101.21 million jin	- 7.4
Pork	97.55 million jin	- 8
Mutton and beef	3.66 million jin	12.3
Milk	67.46 million jin	15.5
Poultry, eggs	89.87 million jin	70.7
Number of pigs in stock at the end of 1983	671,800 head	-10.2
Number of sheep in stock at the end of 1983	610,700 head	- 5.8

The output of aquatic products increased rapidly. In 1983, the output of aquatic products was 41,100 tons, a 14.5-percent increase over the previous year. Of this, the output of fresh water products increased by 35.5 percent and that of sea water products increased by 10.1 percent.

### 3. Investment in Fixed Assets

In 1983, investment in fixed assets was 3.419 billion yuan, an increase of 265 million yuan over the previous year. Of this, state units amounted to 3.247 billion yuan and urban collective units, 172 million yuan.

Of investment in fixed assets for state units, investment in capital construction was 2.184 billion yuan, a 244 million yuan or 12.6 percent increase over the previous year. Departments under the central authority invested 606 million yuan, an increase of 23.4 percent, and localities invested 1.578 billion yuan, an increase of 8.9 percent. Of local investment in capital construction, the state invested 1.34 billion yuan, fulfilling the annual plan by 87.3 percent. Self-collected funds and domestic loans were reduced in principal.

The use of investment in capital construction was changed. Investment in productive construction reached 1.158 billion yuan, and total investment increased from 42.6 percent in 1982 to 53 percent. Investment in nonproductive construction reached 1.026 billion yuan and the proportion of total investment declined from 57.4 percent in 1982 to 47 percent. Of this, investment in residence was 622 million yuan, accounting for 28.5 percent.

The fulfillment of investment in key projects was comparatively good. Investment in energy and transport was 383 million yuan, an increase of 33.2 percent over the previous year, and total investment rose from 11.3 percent in 1982 to 17.6 percent. The municipality invested 850 million yuan in 17 large and medium-sized projects, accounting for 39 percent of the total investment. Seven of them were completed and put into operation. Newly-added productive capacity included 3.2 million tons of harbor loading and unloading capacity and 640,000 tons of crude oil production capacity.

The return on investment in capital construction was: In 1983 newly added fixed assets reached 2.288 billion yuan and the available utility rate rose from 84.4 percent in 1982 to 104.8 percent, thanks principally to the completion of the project to divert Luan He water to Tianjin and to a petro-chemical fiber plant. The municipality built 4,013,900 square meters of housing and the rate of housing construction completion fell from 56.1 percent in 1982 to 53.7 percent.

In 1983, investment in innovation and transformation projects among state units was 1.063 billion yuan and basically equal to the 1982 figure.

In 1983, the output value of construction and engineering enterprises was 1.437 billion yuan, an increase of 14.5 percent over the previous year. The rate of construction quality rose from 76.2 percent in 1982 to 79.8 percent. Per capital productivity was 7,030 yuan and showed an increase of 17.2 percent over the previous year.

We still had some problems in capital construction such as poor return on investment, low construction efficiency, long construction time, and high construction cost.

#### 4. Communications, Transport, and Post and Telecommunications

Except for ocean-going transportation, the volume of goods transportation increased in different degrees in 1983. Harbor loading and unloading capacity set a new record. The volume of goods delivery of the Tianjin railroad sub-bureau reached 63.18 million tons, an increase of 3.3 percent. The volume of goods delivery of stations in Tianjin reached 19.1 million tons and increased 12.9 percent. The volume of goods transportation by highway reached 75.74 million tons, an increase of 21.3 percent. Owing to the increase in harbor berths and the strengthening of harbor dredging work, the volume of harbor loading and unloading reached 15.06 million tons, an increase of 17.1 percent and setting a record. The volume of goods transportation by inland rivers reached 1.18 million tons, an increase of 12.4 percent. The volume of ocean-going freight reached 5.32 million tons, a decline of 17.6 percent. The output volume of the annual post and telecommunications trade reached 38.9 million yuan, an increase of 6.8 percent over the previous year.

At present, the capacity of communications, transport, and post and telecommunications still cannot suit the needs of industrial and agricultural production development.

#### 5. Domestic Commerce and Foreign Trade

Markets were brisk. Both purchasing and marketing were brisk. The municipality comprehensively developed various sectors of the economy and various circulation channels. In 1983, the total volume of commodity procurement of state commercial enterprises reached 7.423 billion yuan, an increase of 8.7 percent over the previous year. Of this, the procurement volume of agricultural and sideline products reached 537 million yuan, an increase of 20.9 percent and a new record in recent years. The procurement volume of industrial products reached 6.505 billion yuan, an increase of 7.1 percent. Of the total

industrial products procurement volume, the procurement volume of industrial products manufactured by the municipality reached 5.59 billion yuan, an increase of 5.7 percent. The total procurement volume of the industrial products transferred in the municipality reached 4.243 billion yuan, an increase of 26.4 percent and the total procurement volume of the industrial products transferred out of the municipality reached 7.133 billion yuan, an increase of 13.8 percent.

The total value of retail sales of commodities in 1983 was 4.738 billion yuan, a 10.1-percent increase over the previous year. The volume of retail sales for the means of agricultural production rose 8.9 percent, and that for consumer goods rose 10.4 percent. Of the retail sales for consumer goods, marked increases were made in food, clothing, daily necessities, and fuel. The increase for food commodities was 8.2 percent; clothing, 8.2 percent; daily necessities, 14.6 percent; and fuel, 5.7 percent. The volume of retail sales of the major consumer goods increased over the previous year. Retail sales for grain increased 4.7 percent; for edible vegetable oils, 12.6 percent; for pork, 19 percent; fresh eggs, 63.9 percent; aquatic products, 12.3 percent; woolen goods, 8.1 percent; cloth, 36.3 percent; bicycles, 34.4 percent; sewing machines, 3.3 percent; and television sets, 4.5 percent. Retail sales for watches dropped by 2.5 percent.

Of retail sales by commercial units, that by the collective and individual commercial units increased fairly rapidly. The urban and rural trade fairs were brisk. Of the total retail sales of commodities, the value of retail sales by state commercial units amounted to 3.825 billion yuan, a 7.2-percent increase over the previous year; that by the collective units, 752 million yuan, a 17-percent increase; and that by the individual units, 8.8 million yuan, a 110-percent increase. Of the total retail sales, the proportion of sales by state commercial units dropped from 1982's 82.4 percent to 80.7 percent; that by collective units, rose from 1982's 14.9 percent to 15.9 percent; and that by individual units, rose from 1982's 1 percent to 1.9 percent.

Some 1,000 commercial, catering, and service networks were set up in 1983.

Market prices were basically stable in 1983. The 1983 overall level of retail prices rose 0.5 percent over 1982. The index for the cost of living of the staff members and workers rose 0.5 percent over the previous year.

The total value of exports in 1983 (planned prices) came to 2.94 billion yuan, exceeding the planned target by 16 percent, up 6 percent over 1982. The total exports from the Tianjin port was \$1.43 billion, up 0.3 percent.

A total of 45,800 overseas Chinese and compatriots from Hong Kong and Macao came to Tianjin Municipality in 1983 on tours and visits, and for trade, scientific and cultural exchanges. The foreign exchange income from these sources was valued at \$116.5 million, up 27.7 percent over 1982.

## 6. People's Livelihood

Under the direct leadership of the municipal people's government, we did 10 things in favor of improving the people's livelihood and we saw continued improvements in their livelihood. The whole municipality completed 3.52 million square meters of housing and further improved the housing conditions of urban residents. The Ligang railway, extending from the urban area to Dagang Oilfield, was formally open to traffic--a total length of 37 kilometers. The Daguangming bridge, spanning the Haihe River, 113.6 meters long and 30.5 meters wide, was open to traffic. By the end of 1983, we had added 1,019 hospital beds and had built 334 public lavatories.

The total number of workers and staff members came to 2,682,300 by the end of 1983, an increase of 77,000 over the figure released at the end of 1982. Of this, some 2,012,700 workers and staff members worked in state enterprises, an increase of 23,600 persons; 669,600 were in city and town collective enterprises, an increase of 53,400 persons. Some 81,000 jobless youths were provided jobs in the year.

The annual total wages of workers and staff members in 1983 reached 2.29 billion yuan, up 8.9 percent. Of this, the total wages for state-employed workers was 1.82 billion yuan, up 7.2 percent; and that for city and town collectively employed workers, 470 million yuan, up 16 percent. The average annual wages for each worker and staff member in 1983 was 868 yuan, up 5.9 percent. Of this, the average annual wages for each state-employed worker and staff member was 916 yuan, up 5.9 percent; and that for each city and town collectively employed worker and staff member was 721 yuan, up 7.3 percent.

According to a sample survey on the family income of staff members and rural commune members, the average monthly per-capita income for living expenses of worker families was 46 yuan, an increase of 4.4 percent over the previous year. The income of peasants continued to increase.

Labor insurance and welfare for staff members and workers improved in 1983. The annual labor insurance and welfare funds came to 612 million yuan, up 11.8 percent. The average annual welfare funds for each worker in the state enterprises was 154 yuan, up 14.1 percent. The average annual welfare funds for each worker in collective units was 109 yuan, up 25.3 percent.

Social relief work strengthened along with economic development. The number of social and child welfare institutes reached 12.

The major problem in the people's daily life was that the crowded living space of some urban residents was not basically solved.

## 7. Urban Public Utilities

Urban public utilities showed new development in 1983. By the end of the year, asphalt road totaled 972 km in length, 11.2 percent over 1982. The numbers of buses and bus routes increased. Buses and streetcars increased by 72 and 4 new routes opened, totaling 39 km. Urban people's electricity consumption

for their daily lives increased by 16.1 percent over 1982 and the sales of liquefied petroleum gas by 8.4 percent. As calculated by the end of 1983, tap water pipes totaled 2,307 km, up 4.3 percent over 1982, and sewer totaled 1,395 km, up 5.7 percent. A certain progress was achieved in improving urban environmental sanitation and greening urban areas. Garden-type green areas in urban areas totaled 565 hectares, 19 hectares more than in 1982.

The major problems in urban public utilities were narrow roads, traffic congestion, occasional traffic jams on some roads, and poor drainage systems and environmental sanitation.

#### 8. Science and Technology, Education, Culture, Public Health and Sports

The contingent of scientific and technical personnel was expanded continuously. Scientific and technical personnel of natural sciences at state units totaled 166,700, an 11.8-percent increase over 1982. Scientific and technical research findings assessed by the municipality totaled 337. Industrial departments succeeded in trial production of 1,951 new products, of which 1,317 were put into production. This shows that improved scientific and technical standards of our municipality played a positive role in socialist modernization.

In 1983, there were 1.175 million students at all types of schools. Students at schools of higher learning numbered 35,300. In secondary education, we continued to implement the principle of readjustment and restructuring, improved the quality of teaching, increasing the students in secondary vocational schools, technical schools, vocational and agricultural middle schools, while reducing those in ordinary middle schools. Students of secondary vocational schools totaled 16,300, up 20.7 percent over 1982; those of technical schools 14,300, up 5.1 percent; those of vocational middle schools 6,700, up 45.7 percent; those of agricultural middle schools 5,100, up 70 percent; those of ordinary middle schools 415,400, down 9.6 percent; and those of primary schools 721,800, down 0.8 percent. Workers education and sparetime education were developed.

Cultural, press, broadcast, and publication departments achieved new results in promoting the socialist spiritual civilization. The quantity and quality of literary and art creation increased, as did the performances of various art groups. In 1983, movies were shown 300,000 times for 253.4 million people, and 5,339 art performances were presented for 4.18 million people. In 1983, we published 219.9 million copies of newspapers, up 16.6 percent over 1982, and 71.55 million copies of magazines, up 27 percent.

Medical and health undertakings showed new developments. By the end of 1983, medical and health institutes totaled 3,582. There were 24,351 beds at these institutes, up 4.4 percent as compared to the figure for the end of 1982. Of which, hospital beds totaled 22,658, up 5.4 percent. Hospital beds per 1,000 people increased from 2.8 in 1982 to 2.9. Professional medical workers totaled 58,654, an increase of 2,493 persons over 1982. The number of professional medical workers per 1,000 people increased from 7.24 in 1982 to 7.47. There were 25,033 doctors, 1,268 more than in 1982. The number of doctors per 1,000 people increased from 3.07 in 1982 to 3.19.

Development was also achieved in sports. Calculated by the end of 1983, stadiums and sports grounds totaled 3,082, of which, 134 belonged to the physical culture and sports commissions. Our athletes broke 6 national records and 47 municipal records in 1983. Mass sports activities developed extensively.

AGGREGATE ECONOMIC DATA

ECONOMIC OFFICIAL REPORTS ON 'STEADY GROWTH'

OW111312 Beijing XINHUA in English 1229 GMT 11 Jun 84

[Text] Beijing, June 11 (XINHUA)--China's economy has witnessed steady growth in the first five months of this year in the sectors of production, construction, commerce and finance, vice-minister of the State Economic Commission Ma Yi said today. He was speaking at the opening session of the China-Australia senior executives forum in Beijing.

In agriculture, he said, the contract system has been further developed, and spring farming proceeded on time, and with good results. The peasants have increased investments in farmland, purchasing more chemical fertilizers, insecticides and farm implements. The crops are growing well and summer harvest has already begun in some places, he said.

Industrial production in the period under review was 11.7-percent higher than the same period of last year, he said. Of this, heavy industry increased by 11.8 percent, and light industry by 11.6 percent, a well-balanced development.

Energy and raw material production has continued to progress at a fairly high speed. Remarkable increases have been made in the output of durable consumer goods including color TV sets, refrigerators, taperecorders, sewing machines, cameras and electric fans, he noted.

The rate of increase in profits among state-owned enterprises in the first five months surpassed that of production, and state revenue was over 20 percent more than in the same period of last year, Ma said.

Capital construction is better controlled this year, and the investment structure is becoming more rational. In the first four months, investments in energy, transportation and telecommunications increased by 16 percent over the like period of last year and their proportion among total investment rose from 40 percent to 45 percent.

The first four months saw a thriving domestic market, Ma revealed. Retail sales volume was up 7.6 percent over the same 1983 period and foreign trade increased at least 20 percent, he added.

CSO: 4020/140

ECONOMIC MANAGEMENT

UNIVERSITIES HELP RURAL INDUSTRIES IN JIANGSU

OW132206 Beijing XINHUA in English 1442 GMT 13 Jun 84

[Text] Beijing, June 13 (XINHUA)--Wuxi County in China's eastern province of Jiangsu has taken the lead among 2,100 counties across the country in cooperation between rural industries and universities and scientific research institutes, according to today's PEOPLE'S DAILY. The paper says that more than 700 rural enterprises in the county have completed 219 scientific research projects and turned out 420 new products in the past five years in coordination with 200 universities, colleges and scientific research institutes. As a result, the output value of Wuxi's rural industries has increased at an average annual rate of 24.5 percent in the past five years, while profits have increased at a rate of 14.2 percent annually. The annual income per capita from rural industries alone has reached 323 yuan in the county, in the front rank in the country.

The electric drills developed by a Shanghai research institute and manufactured by a Wuxi plant are now used in more than 1,000 small- and medium-sized coal mines across the country. The output value of a rural factory grew 150 percent last year by producing three new varieties of lamps developed by the electric light source institute of Fudan University in Shanghai.

China now has more than 1.3 million rural enterprises employing 30 million peasants, or one-tenth of all labor in the countryside. The central government encourages rural enterprises to develop industry in order to achieve economic prosperity and provide jobs for surplus manpower in the countryside.

CSO: 4020/140

ECONOMIC MANAGEMENT

USE OF SECURITIES TO AID MODERNIZATION URGED

HK070232 Beijing CHINA DAILY in English 7 Jun 84 p 2

[Article by Qin Xiaoli, staff reporter: "Issuing of Stock Urged To Promote Economy"]

[Text] Hefei--Sheng Mujie, a member of the China Finance and Banking Society (CFBS) and deputy chief of the Shanghai Finance Research Institute, has urged that stocks and other securities be used to serve China's socialist modernization. Here at the National Representative Conference of CFBS, which runs through Thursday, the issuing of stocks and securities has been raised as a theoretical proposal to be discussed.

Stocks and company bonds have been absent from China's financial life for more than 30 years. State treasury bonds have been issued under strict controls, officially they are untradeable. Other than treasury bonds, bank deposits have been the only way to accumulate domestic funds. State-run banks monopolize the credit business in China.

China's current economic reforms have created new forms of economic organization--privately and collectively financed enterprises, joint ventures with foreigners, and semi-independent state-run enterprises. Their pleas for greater financial freedom are seriously challenging the present banking and financial system of China.

Sheng Mujie supported the use of stocks and bonds to finance various economic activities back in 1981. Developments since then have only confirmed his belief that they would promote the economy. In 1981, a textile factory in Shanghai issued stock to raise money for a new workshop. The factory was accused of adopting capitalist ideas. But I thought the company was right. The State allows diversified economic forms; there must be diversified forms of finance, Sheng said in an interview with CHINA DAILY.

At present, when more than one enterprise decides to start a project--a power plant for instance--each will be responsible for part of the investment. They sign agreements that the product--in this case, power--will be distributed according to the amount of financing each provided--that is, the "shares" it has bought. In other cases, some new companies have hired only those who put up a certain amount of capital, so workers become shareholders.

But Sheng feels these methods are inadequate. He said the banking service has lagged behind economic development. He urged banks to help enterprises to issue and manage company stocks and bonds. He also suggested stronger companies issue bonds overseas. All bonds should be allowed to be traded, he said. A committee should be established to manage State bonds.

Sheng said Shanghai is an ideal city to experiment with a socialist monetary market because Shanghai used to be one of the major international monetary centres in Asia. The first Shanghai stock exchange run by Chinese was set up in 1919 and lasted to the eve of Liberation.

"Technically there should be no problem," Sheng said. "Also, Shanghai's strong industry provides a suitable background for such an experiment." Sheng's opinion was shared by many CFBS members.

In a paper circulated at the conference, a group of graduate students advocated that an open monetary market be set up and stocks, company bonds, and treasury bonds be traded freely. They see such a market as a means to break the State monopoly of the credit business.

Others interviewed on the subject attach no long-term importance to those company bonds that are being introduced in the present economic reforms. They believe such bonds may help some enterprises to weather temporary financial difficulties, but will not become a major financial form in China. A powerful free monetary market would clash with the planned economy, they said.

A lack of necessary economic laws and regulations was the main concern of people interested in the stock market subject.

CSO: 4020/140

## FINANCE AND BANKING

### CREDIT PLANNING, CONTROL IN INDUSTRIAL, COMMERCIAL BANK

Beijing ZHONGGUO JINRONG [CHINA'S BANKING] in Chinese No 3, 4 Mar 84 pp 26-28

[Article by Huang Yujun [7806 3768 1498]: "The Industrial and Commercial Bank's Credit Planning and Credit Management"]

[Text] According to the decision of the State Council, China's Industrial and Commercial Bank was officially set up on 1 January of this year. The establishment of the Industrial and Commercial Bank is an important step in strengthening the banking system, in realizing the People's Bank of China's specialization as a central bank, in bringing into full play the function of specialized banks and in restructuring the banking system. The bank's main function is to strengthen macroscopic regulation, macroscopic control and macroscopic centralized management of the nation's credit funds in order to support industrial and agricultural production better and in order to promote the expanded circulation of commodities. In order to achieve the centralized management of credit funds, the People's Bank and the specialized banks must strictly strengthen credit planning and management and grant loans according to the credit plan approved by the government. Thus, the important tasks facing the Industrial and Commercial Bank are to execute correctly the credit plan approved by the government and to strengthen credit planning and management.

#### 1. The Importance of the Industrial and Commercial Bank in Strengthening Credit Planning and Credit Management

The decision to strengthen credit planning and credit management is, generally speaking, made by the social system of our country. Ours is a socialist country which puts the planned economy first. Credit planning is an important component in national economic planning. The correct implementation of credit planning and the strengthening of credit planning and management are very important to national economic development. Strengthening credit planning and management is a very important job for all banks, especially for the Industrial and Commercial Bank. One reason for this is that the bank has a wide range of services and has many links with national economic departments. The Industrial and Commercial Bank centralizes the management of circulating funds for state-owned industrial and commercial enterprises, for town and city collective enterprises and for individual industrial and commercial enterprises. The bank grants loans for technological innovation and for equipment transformation; it

absorbs city and town savings deposits and organizes deposits for units like state-owned industrial and commercial enterprises, organizations, groups and schools. The bank's business involves itself in every department of the cities and towns of our country. According to incomplete statistics, over 1 million state-owned and collective-owned industrial and commercial enterprises have deposits and loan relationships with the Industrial and Commercial Bank. Over 800,000 units of organizations, groups and schools have deposit relationships with the Industrial and Commercial Bank. There are nearly 180 million savings accounts in the basic savings banks of the Industrial and Commercial Bank. A second reason for strengthening credit planning and management is that the Industrial and Commercial Bank accounts for a large proportion of the total deposits and loans in the national financial system. According to incomplete statistics, over 60 percent of total deposits and loan balances in the national banking system are accounted for by the Industrial and Commercial Bank. The Industrial and Commercial Bank accounts for over 70 percent of absorbed deposits and loans granted by the national banking system. From the above two points, one can see that doing a good job in the work of Industrial and Commercial Bank credit planning and management has an important effect on the support for the nation's basic credit balance and on the promotion of a basic turnaround in state financial and economic conditions. Because of these things, all levels of the Industrial and Commercial Bank must bring the bank's own dominant position into full play; they should diligently complete the work of credit planning and of credit management in order to make a contribution to the implementation of the above-mentioned goals.

## 2. Follow New Needs to Complete the Job of Credit Planning and Management

From now on, according to the document entitled "The State Council's Decision Regarding the People's Bank of China's Specializing in Performing Central Bank Functions" and according to the People's Bank of China's spirit in implementing the concrete stipulations of the decision, state treasury deposits as well as organization and group financial deposits will be delineated as People's Bank of China credit funds. A fixed quota of deposits absorbed by the Industrial and Commercial Bank will be deposited in the People's Bank and will be subject to allocation and use by the People's Bank of China. The funds that industrial and commercial banks need for granting loans have to come first from their own funds and from the deposits they absorb; when this is not enough, they may turn to the People's Bank for loans. The main bank of the People's Bank of China will appraise and decide upon the difference in amounts, and the main branch of the Industrial and Commercial Bank will allocate the credit funds to branch banks in the provinces, municipalities and autonomous regions. The provincial, municipal and autonomous-region branch banks will make decisions on credit planning and management and on the levels of loans. They will open accounts at the local People's Bank and use the funds according to the appraised and decided-upon deposits and loan balances. The Industrial and Commercial Bank will not control the circulation target figures. It will no longer appraise and decide upon the annual lowest deposit balance or upon the annual highest borrowing balance. During the implementation of the yearly plan, if the exceed the appraised and decided-upon loan quota, the branch banks can apply for a temporary loan from the People's Bank where they have accounts.

In accordance with the conditions described above, the Industrial and Commercial Bank's planning and management methods must promote relevant improvements to guide ideology, design content and investigate techniques in order to suit the demands. At present, I feel it is more appropriate to follow the People's Bank's former guidelines for dealing with the Industrial and Commercial Bank. The former guidelines are known as the methods for "unified planning, graded management, linking together of deposits and loans and control of balances." We should, however, promote a new understanding of content and techniques.

(1) The arenas of credit-balance control and of credit-balance planning have changed and expanded. From now on, the control and planning of credit balances will include much more than before because the planning and management departments of the Industrial and Commercial Bank must open up expense accounts in local People's Banks according to the balance amounts appraised and decided upon by upper echelons. The sources of the Industrial and Commercial Bank's funds include: the bank's own funds and surpluses, enterprise deposits (which include deposits from central goods-and-material supply and marketing enterprises as well as from central commercial enterprises), city and town savings deposits and other deposits (mainly trust deposits and insurance company deposits). The utilization of the bank's funds includes circulating-fund loans for state-owned industrial enterprises, for state-owned industrial goods-and-material supply and marketing enterprises (which include central and local goods-and-material supply and marketing enterprises). It includes fixed-asset loans, other loans (mainly trust loans) and earned surplus reserves. The balances for the above-mentioned sources of funds and for the above-mentioned utilizations of funds are the credit plan control quotas. Within the ranges of these quota amounts, the Industrial and Commercial Bank may freely utilize funds. If for a temporary reason they exceed these quotas, they must apply for a temporary, circulating-fund target amount from the local People's Bank before they use the funds.

(2) Handle in different ways the management of loan target amounts. The control of planned credit balances has expanded in scope. According to calculations of controlled quotas for fund sources and for fund utilization within this scope, the specific management requirements for different planned-target amounts will not be the same. Generally speaking, there are three loan situations. One is the fixed-asset loan. These loans can only be granted according to the planned, increased quota for a given year (there is a target-amount limit to receiving payment for these loans and then loaning out the money again), and the loans cannot exceed that quota amount. Second, loans for central, goods-and-material supply and marketing enterprises and for central commercial enterprises can be granted according to target amounts handed down by the main bank. If there is not enough in the target amount, the main bank can increase the allocation of funds, but if there are funds in excess of the target amounts, the surplus cannot be used for other kinds of loans. The third kind are those other loan items which can be mutually adjusted. When more deposits are absorbed, more loans can be granted. When deposits cannot meet the planned targets, a smaller number of loans can be granted.

(3) Permit rational fund holding and utilization. On 3 January 1984, after the establishment of the Industrial and Commercial Bank and

after the People's Bank made the final settling of accounts for 1983, the People's Bank turned over all deposit and loan business to all levels of independent accountings units of the Industrial and Commercial Bank. At the same time, the Industrial and Commercial Bank, according to the regulations, turned national treasury deposits and organization and group financial deposits over to the People's Bank. It also turned a fixed proportion of enterprise deposits and savings deposits over the People's Bank. The source of funds for the Industrial and Commercial Bank include its own funds plus the deposits left over after delivering a portion to the People's Bank. When the source of funds is greater than the funds utilized, the quota for the credit-plan deposit balance is the difference between the funds utilized and the source of the funds. Otherwise, when the funds utilized are greater, the difference between the two figures is the quota for the credit-plan borrowing balance. These credit-plan balances are the base numbers for the Industrial and Commercial Bank's deposits in the People's Bank and for the amount the Industrial and Commercial Bank borrows from the People's Bank. When these numbers are added to the planned increase in the 1984 credit-control balances issued by the main Industrial and Commercial Bank, they become the control numbers for the 1984 planned credit balances.

When the main Industrial and Commercial Bank issued the plan for control of credit balances, it had already deducted the portion of enterprise deposits and savings deposits that were delivered to the People's Bank. At the same time, it increased the planned amounts for the controlled credit balances. Because of this, prior to delivering (according to regulations) the fixed portion of the year's increased deposits to the People's Bank (deposits which include national treasury deposits and organization and group financial deposits received when acting as agent for the People's Bank), provincial, municipal and autonomous-region branch banks were permitted to hold and utilize as rational funds those funds which they now hold and utilize.

### 3. Industrial and Commercial Banks at All Levels Must Work Hard to Strengthen Credit Planning and Management

Strengthening credit planning and management is one of the important tasks facing the Industrial and Commercial Banks. Industrial and commercial banks at all levels should perform this task well. In order to strengthen the management of credit planning, first work out credit plans. These plans should be based upon the requirements of the state economic development plan. Look at all the potentials when drawing up different deposit plans. All loan plans should embody the principle of supporting the focal point; they should be rationally arranged. Once approved by the government, the credit plans should be strictly carried out and should not be exceeded. The planning departments of all levels of industrial and commercial banks should constantly keep abreast of changes in the credit-plan controlled balances. They should return on time the temporarily circulating target amounts which they borrowed from the People's Bank and should not hold or use them by the end of the year. According to present practices, branch banks with deposit balances are not limited in using funds as long as they have deposits in the People's Bank. But the Industrial and Commercial Bank itself should not relax controls over those branches with deposit balances. All levels of planning and management

departments should regularly investigate and assess and do integrated calculations of the credit-plan, controlled quotas of subordinate branch banks, regardless of whether these branches have deposit balances or whether they have loan balances. When a branch's deposit balance has decreased, this will not affect its continuing use of funds in terms of the bank's actual operations. However, when the managing bank computes the credit-plan control quota, it must be sure that branch banks with deposit balances increase their deposit balances and that banks with loan balances have target surpluses. This means that at the time of investigation (at the end of the month or at the end of the quarter), the total quotas of actual deposits and loan balances should not exceed or should not go below that prefecture's planned loan balance amount or that prefecture's planned deposit balance amount which was assigned to it by upper echelons. This will truly ensure that these branches not exceed the credit plan approved by the government.

We have to study two problems at present in order to bring into play initiatives by all levels of branch banks for strengthening credit planning and management. One problem is whether the main branch banks should retain greater reserve target amounts or whether they should retain smaller ones. I think the latter should be the case. The main branch banks should give a large part of the planned credit target amounts approved by the government (except for those they need) to subordinate branches, letting them regulate how the amounts are to be used and letting them bring into full play planning and management initiatives. They should not retain too much because subordinate branches would then have problems with insufficient target amounts and would have to regulate and adjust constantly. After the determination of the credit plan, the planning departments of the main Industrial and Commercial Bank and the planning departments of its branches (including the planning departments of branches in a number of big cities) must spend their chief efforts in conducting research, examining the circumstances surrounding the execution of the credit plan and studying existing problems during the planning and management processes. In this way, when they draw up the credit plan, the plan will conform to reality, and the execution of the credit plan will support the development of production and the circulation of commodities. The other problem is to determine the levels of management of the plan according to the actual circumstances of each geographic area. Stratified management does not necessarily mean that planned target amounts should be allotted to the lowest-level branches. In the final analysis, the decision on which level of management to use must be based upon the zeal brought into play by each level of the Industrial and Commercial Bank which benefits the allocation and utilization of funds. With respect to this question, each bank should undergo research, conduct tests at selected points and sum up their experiences before they make a decision.

#### 4. Strengthen the Establishment of Planning Organs, Provide the Necessary Cadres and Upgrade the Level of Cadre Skills

(1) The setting up of a sound planning and management organ is the major criterion for good credit planning and management. The planning departments of the Industrial and Commercial Bank will be gradually separated from the People's Bank. At present, the main Industrial and Commercial Bank has already

set up a planning department. The department's main tasks are to draw up comprehensive industrial and commercial credit plans, unify control over the credit funds of the industrial and commercial bank system and to report on industrial production, on the circulation of commodities, on the national economic situation and on national economic problems by examining the circumstances surrounding the execution of the credit plan. It will also unify the study of management problems with respect to circulating funds by doing research on the monetary circulation situations in the cities as well as on the market situations in the cities. It will adhere to and carry out the State Council's decisions regarding the management of cash. It will unify the management of all kinds of business statistics report forms in the industrial and commercial banks, and it will periodically collect statistics on industrial and commercial credit and on cash revenues and expenditures. It will also manage the industrial and commercial credit interest rates and study policy questions such as planning, management and the issuance of currency. We feel that from this time on, the industrial and commercial banks at all levels, especially the provincial, municipal and autonomous-region branches and the city and prefecture sub-branches, should set up and strengthen their planning departments. County sub-branches at the first level should also set up corresponding organizations according to their actual circumstances.

(2) To set up and strengthen all kinds of feasible systems, you first have to set up comprehensive credit planning and management systems. These systems have to include guiding ideologies and goals for planning and for management. They have to include scope, content, methods of planning and management and the examination of the circumstances surrounding the executing of the plan. They should embody centralized planning, stratified management and the examination of the circumstances surrounding the execution of the plan. They should embody centralized planning, stratified management and flexibility in transfer and allocation and should also bring into full play the zeal of primary-level banks. Next, a scientific system has to be set up from the bottom level to the top in order to report on the situation surrounding the implementation of credit. Beginning with the main bank, the main bank and the provincial, municipal and autonomous-region branches as well as the center sub-branches and county sub-branches must all set up key liaison branches in which one level is responsible for the next level and in which one level periodically and in a timely way reports on the problems and circumstances of state economic activities by experiencing the implementation of credit and cash plans. Third, systems for statistical reporting and fund analysis should be set up.

(3) We must replenish cadres and upgrade their business and theoretical levels. When establishing or reconstructing Industrial and Commercial Bank planning departments, the capabilities of cadres must be promptly strengthened. Special attention should be paid to upgrading the theory and the business skills of planning cadres. A planning department is a comprehensive department; its business covers a wide area. Planning is a specialized knowledge, so that the work requires more knowledge on the part of planning cadres. Cadres engaged in planning work should exert great effort through self-study and through practical working experience in order to upgrade diligently their specialized-knowledge levels and their theory levels. Qualified branches and sub-branches

can organize short-term training for planning cadres, or they can use the method of having the old lead the new in order to upgrade the cadres' business and theory levels quickly. In this way they can quickly build up an army of planning cadres with certain theoretical levels and with specialized knowledge.

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CSO: 4006/428

INDUSTRY

BRIEFS

HUNAN INDUSTRIAL OUTPUT--According to HUNAN RIBAO, the provincial industrial and communications front fulfilled the industrial output value of 2.12 billion yuan in May, an increase of 8 percent over April and 11.3 percent over May of 1983, and exceeding the 2 billion yuan figure for the first time. Profits increased by 18.3 percent and profits delivered to the state increased by 10.6 percent over April, attaining simultaneous growth in both speed and results, and reaching an all-time high in monthly output. [Summary] [HK120114 Changsha Hunan Provincial Service in Mandarin 2300 GMT 6 Jun 84 HK]

CSO: 4006/575

FOREIGN TRADE AND INVESTMENT

SINO-JAPANESE PHARMACEUTICAL VENTURE STARTED

Begins Operation

OW171414 Beijing XINHUA in English 1358 GMT 17 May 84

[Text] Tianjin, May 17 (XINHUA)--A Sino-Japanese pharmaceutical venture producing infusions was inaugurated here today. The China Otsuka Pharmaceutical Co. Ltd., the first Sino-foreign pharmaceutical joint venture, is run by the China Pharmaceutical Industry Corporation and the Otsuka Pharmaceutical Co. Ltd. of Japan. Initially it will produce six million 500-mw bottles of infusions, including glucose and sodium chloride, annually and is expected to double this output before long. The products, which will remain effective for five years, will supply both domestic and foreign markets.

The venture involves an investment of 22 million yuan (about 11 million U.S. dollars), with both partners contributing 50 percent. The joint operation will run through to the end of the year 2000. The Japanese partner has provided production technology and equipment. The venture now employs 184 people, including 28 Chinese and 10 Japanese managerial staff members.

Further Report

OW230219 Beijing XINHUA Domestic Service in Chinese 1245 GMT 19 May 84

[Summary] Tianjin, 19 May (XINHUA)--The China-Otsuka Pharmaceutical Corporation, China's first modern pharmaceutical joint venture, began operations in Tianjin on 17 May. The plant, built by the China Medical Industrial Company and Japan's Otsuka Pharmaceutical Company, is able to annually produce 6 million bottles of liquid glucose, sodium chloride, sodium lactic, and other medical liquids for intravenous injection. The joint venture has imported from Japan a whole set of advanced production technology and equipment. Inspection shows that it meets the standards for pharmaceutical production set by international health organizations.

CSO: 4006/571

## SPECIAL ECONOMIC ZONES

### DEVELOPMENT OF SHEKOU INDUSTRIAL DISTRICT

HK050945 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 5 Jun 84

[Text] After 5 years of construction, Shekou Industrial District in the Shenzhen Special Economic Zone has now initially become a modern harbor city which focuses mainly on industry and comprehensive development. Shekou Industrial District has handled things right from the start in connection with the guiding ideology of "time is money, efficiency is vitality." Its efficiency has reached a fairly high level. Since its establishment 5 years ago, the industrial district has imported 82 projects of joint ventures and setting up of factories and enterprises entirely with overseas funds. Of them 52 projects have become operational. Generally speaking, these factories and enterprises which have become operational have yielded good economic results. At the same time, the district has imported much technology and equipment of advanced levels by world standards. Also, it produces more than 100 kinds of industrial products. Of them over 10 kinds have entered the international market.

While importing and developing industries, Shekou Industrial District also provides various kinds of logistics services for the exploration and exploitation of oil in the South China Sea. The district has allocated the 120,000-square meter (Wuwang) pier as the base for oil exploration. This includes vessels for loading and unloading transport vehicles; oil, power and water supplies; storage and other facilities.

At present, 7 foreign oil companies, including the British BP corporation, and over 30 contracted oil professional companies have set up offices in Shekou Industrial District. In the wake of rapid development of various industries and enterprises, the basic projects and social welfare facilities of the district have also been constantly perfected. At present, the district has completed the construction of 300,000 square meters of standard factories. The district also has various comprehensive facilities for production, living, and tourism.

CSO: 4006/572

END